



Grayson County
TEXAS



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2023

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

GRAYSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

COMMISSIONERS' COURT

Bill Magers	County Judge, through December 31, 2022
Bruce Dawsey	County Judge, January 1, 2023 to current
Jeff Whitmire	Commissioner, Precinct #1
David Whitlock	Commissioner, Precinct #2, through December 31, 2022
Art Arthur	Commissioner, Precinct #2, January 1, 2023 to current
Phyllis James	Commissioner, Precinct #3
Bart Lawrence	Commissioner, Precinct #4, through December 31, 2022
Matthew Hardenburg	Commissioner, Precinct #4, January 1, 2023 to current

JUDICIAL

Brian Gary	Judge, 397th District Court
James P. Fallon	Judge, 15th District Court
Larry Phillips	Judge, 59th District Court
James Henderson	Judge, County Court-at-Law #1
Carol Siebman	Judge, County Court-at-Law #2, through December 31, 2022
Rick Dunn	Judge, County Court-at-Law #2, January 1, 2023 to current

LAW ENFORCEMENT

Tom Watt	County Sheriff
Brett Smith	District Attorney
Alan Brown*	Chief Adult Probation Officer
Lisa Tomlinson*	Chief Juvenile Probation Officer, through December 14, 2022
Greg Sumpter*	Chief Juvenile Probation Officer, December 15, 2022 to current

FINANCIAL ADMINISTRATION

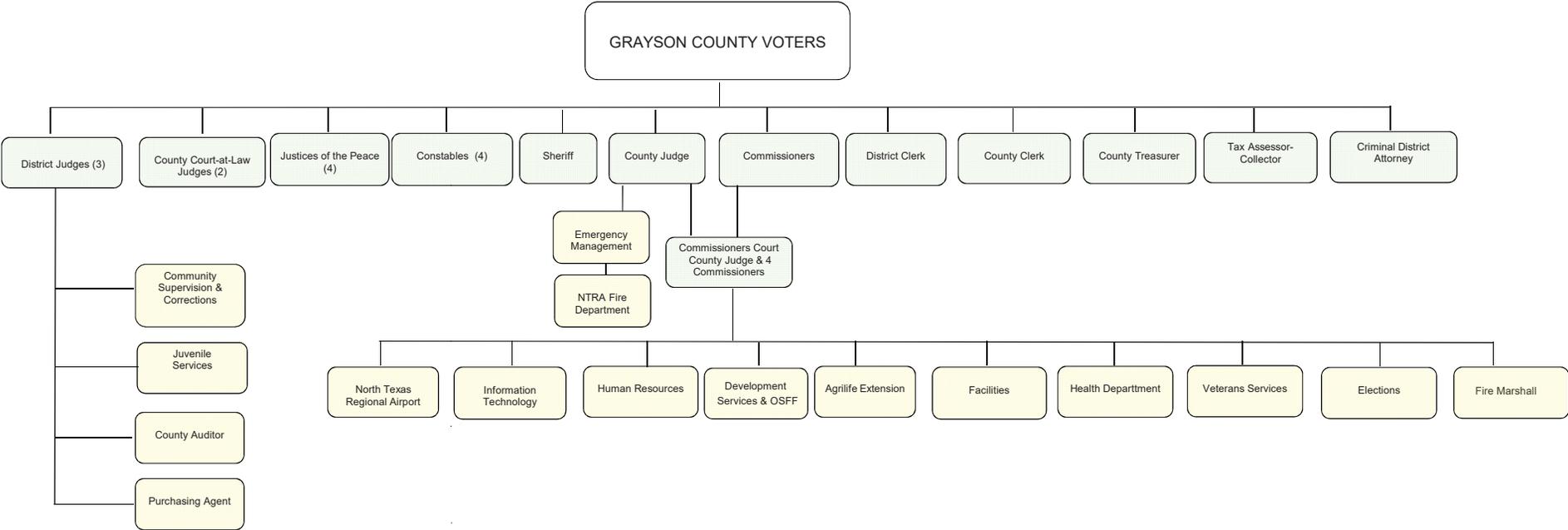
Suzette Smith*	County Auditor
Gayla Hawkins	County Treasurer
Bruce Stidham	Tax Assessor/Collector
Jodi Platt*	Purchasing Agent

RECORDING OFFICIALS

Kelly Ashmore	District Clerk
Deana Patterson	County Clerk

* Designates appointed officials. All others listed are elected officials.

GRAYSON COUNTY ORGANIZATION CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Members of the Commissioners' Court
Grayson County, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial of Grayson County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2024, on our consideration of the Grayson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 23, 2024

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Grayson County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Grayson County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$57.6 million (net position).
- The County's total net position decreased by \$5.5 in fiscal year 2023 due mostly to the revenues from the Local Provider Participation fund exceeding expenditures by \$9.0 million due to timing differences between mandatory payments and remittances to the state.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$60.3 million, an increase of \$19.1 million in comparison with the prior year. The increase is primarily attributed to the creation of the jail expansion capital projects fund with debt proceeds. Of the total fund balance, \$10.6 million is available for spending at the government's discretion as unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.8 million, or 25% of total General Fund expenditures. The total fund balance for the General Fund was \$15.8 million, or 33% of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Grayson County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows/inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is changing.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fines and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of the County is the operation of an airport.

The government-wide financial statements can be found on pages 12 – 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Grayson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 40 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund, Local Provider Participation Fund, American Rescue Plan Fund, Jail Expansion Project Fund, and the State Highway 289 Bonds Fund, all of which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major debt service and special revenue funds. Budgetary comparison schedules have been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15 – 20 of this report.

- **Proprietary funds** – Grayson County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Grayson County uses an Enterprise Fund to account for its airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the airport operation. The basic proprietary fund financial statements can be found on pages 21 – 23 of this report.

- **Fiduciary Funds-** Fiduciary funds are used to account for custodial accounts held for various agencies, entities, and individuals. The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 26 – 47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 48 – 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57.6 million as of September 30, 2023, a decrease of \$5.5 million as compared with the previous fiscal year, as discussed earlier.

By far, the largest portion of Grayson County's net position (\$34.2 million or 59.4% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAYSON COUNTY, TEXAS' NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 96,798,693	\$ 93,127,852	\$ 13,253,470	\$ 12,617,075	\$ 110,052,163	\$ 105,744,927
Capital assets	<u>27,166,918</u>	<u>26,488,155</u>	<u>13,563,413</u>	<u>13,856,224</u>	<u>40,730,331</u>	<u>40,344,379</u>
Total assets	<u>123,965,611</u>	<u>119,616,007</u>	<u>26,816,883</u>	<u>26,473,299</u>	<u>150,782,494</u>	<u>146,089,306</u>
Deferred outflows of resources	<u>7,478,831</u>	<u>7,208,362</u>	<u>50,465</u>	<u>29,342</u>	<u>7,529,296</u>	<u>7,237,704</u>
Current liabilities	17,907,565	19,785,937	93,362	160,107	18,000,927	19,946,044
Long-term liabilities	<u>65,418,495</u>	<u>36,961,026</u>	<u>122,214</u>	<u>43,487</u>	<u>65,540,709</u>	<u>37,004,513</u>
Total liabilities	<u>83,326,060</u>	<u>56,746,963</u>	<u>215,576</u>	<u>203,594</u>	<u>83,541,636</u>	<u>56,950,557</u>
Deferred inflows of resources	<u>6,343,466</u>	<u>22,683,080</u>	<u>10,834,463</u>	<u>10,598,329</u>	<u>17,177,929</u>	<u>33,281,409</u>
Net position:						
Net investment in capital assets	20,672,038	25,749,717	13,563,413	13,856,224	34,235,451	39,605,941
Restricted	20,474,092	27,128,133	-	-	20,474,092	27,128,133
Unrestricted	<u>628,786</u>	<u>(5,483,524)</u>	<u>2,253,896</u>	<u>1,844,494</u>	<u>2,882,682</u>	<u>(3,639,030)</u>
Total net position	<u>\$ 41,774,916</u>	<u>\$ 47,394,326</u>	<u>\$ 15,817,309</u>	<u>\$ 15,700,718</u>	<u>\$ 57,592,225</u>	<u>\$ 63,095,044</u>

Changes in net position are summarized as follows:

GRAYSON COUNTY, TEXAS' CHANGES IN NET POSITION

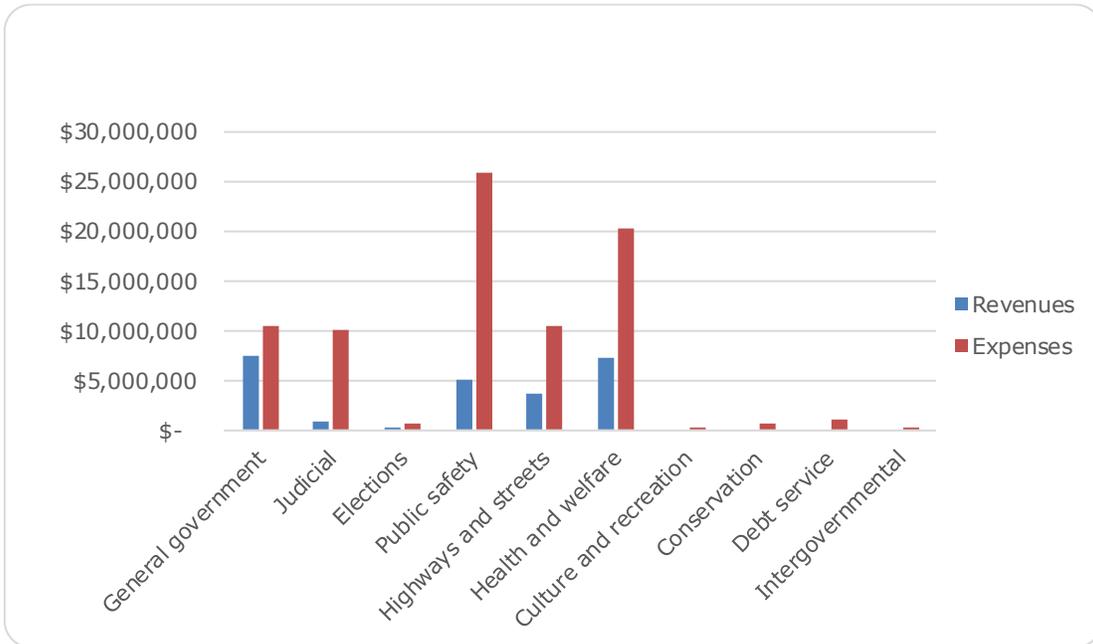
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 16,245,571	\$ 15,222,748	\$ 1,485,025	\$ 1,322,642	\$ 17,730,596	\$ 16,545,390
Operating grants and contributions	8,368,382	13,584,102	60,532	69,225	8,428,914	13,653,327
General revenues:						
Property taxes	45,477,070	41,030,725	-	-	45,477,070	41,030,725
Other taxes	910,832	867,793	-	-	910,832	867,793
Miscellaneous	1,089,348	491,368	8,221	-	1,097,569	491,368
Investment earnings	2,310,412	586,685	255,951	193,508	2,566,363	780,193
Total revenues	<u>74,401,615</u>	<u>71,783,421</u>	<u>1,809,729</u>	<u>1,585,375</u>	<u>76,211,344</u>	<u>73,368,796</u>
Expenses:						
General government	10,418,036	29,129,897	-	-	10,418,036	29,129,897
Judicial	10,044,778	8,704,521	-	-	10,044,778	8,704,521
Elections	599,744	687,264	-	-	599,744	687,264
Public safety	25,982,097	23,196,113	-	-	25,982,097	23,196,113
Highways and streets	10,486,184	6,177,739	-	-	10,486,184	6,177,739
Health and welfare	20,395,218	23,538,376	-	-	20,395,218	23,538,376
Culture and recreation	152,758	65,911	-	-	152,758	65,911
Conservation and development	582,862	551,470	-	-	582,862	551,470
Interest on long-term debt	1,139,550	912,616	-	-	1,139,550	912,616
Intergovernmental	219,798	217,803	-	-	219,798	217,803
Airport	-	-	1,693,138	1,211,670	1,693,138	1,211,670
Total expenses	<u>80,021,025</u>	<u>93,181,710</u>	<u>1,693,138</u>	<u>1,211,670</u>	<u>81,714,163</u>	<u>94,393,380</u>
Change in net position	(5,619,410)	(21,398,289)	116,591	373,705	(5,502,819)	(21,024,584)
Net position, beginning	<u>47,394,326</u>	<u>68,792,615</u>	<u>15,700,718</u>	<u>15,327,013</u>	<u>63,095,044</u>	<u>84,119,628</u>
Net position, ending	<u>\$ 41,774,916</u>	<u>\$ 47,394,326</u>	<u>\$ 15,817,309</u>	<u>\$ 15,700,718</u>	<u>\$ 57,592,225</u>	<u>\$ 63,095,044</u>

Property tax revenues accounted for approximately 61% percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 22% percent of total governmental revenues, with grants and contributions accounting for approximately 11% percent of total governmental revenues.

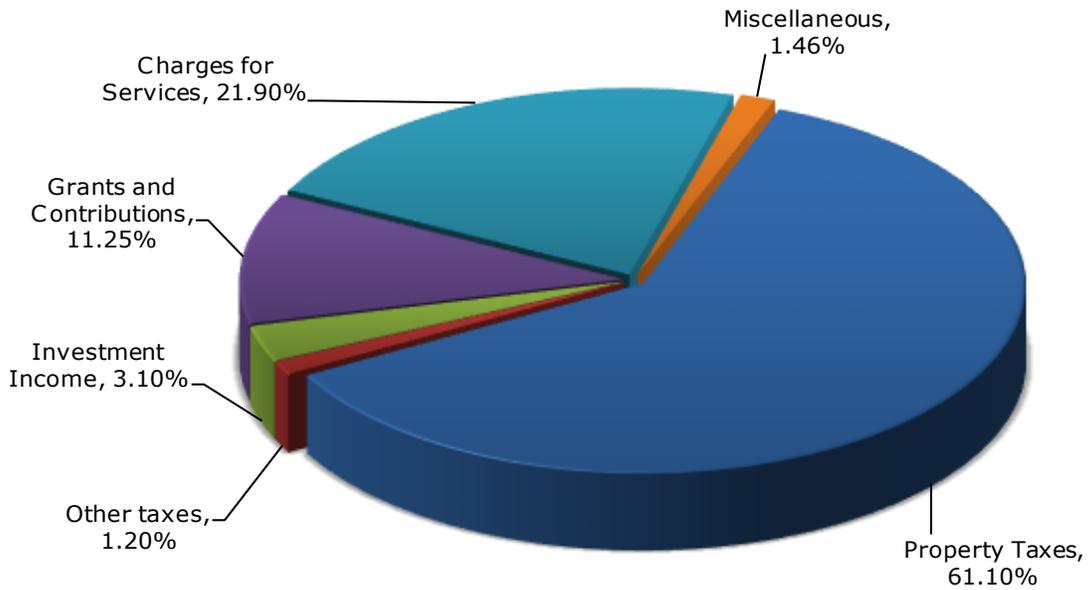
Governmental Activities

The County's total governmental net position decreased by \$5.5 million in comparison with the prior fiscal year's decrease of \$21.4 million. The total cost of all governmental activities this year was \$80.0 million, a decrease of 14.1% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$45.5 million or 56.8% of total governmental expenses. The next largest segment of revenues came from charges for services, which accounted for \$16.2 million or 20.3% of total governmental expenses.

Expenses and Program Revenues – Governmental Activities



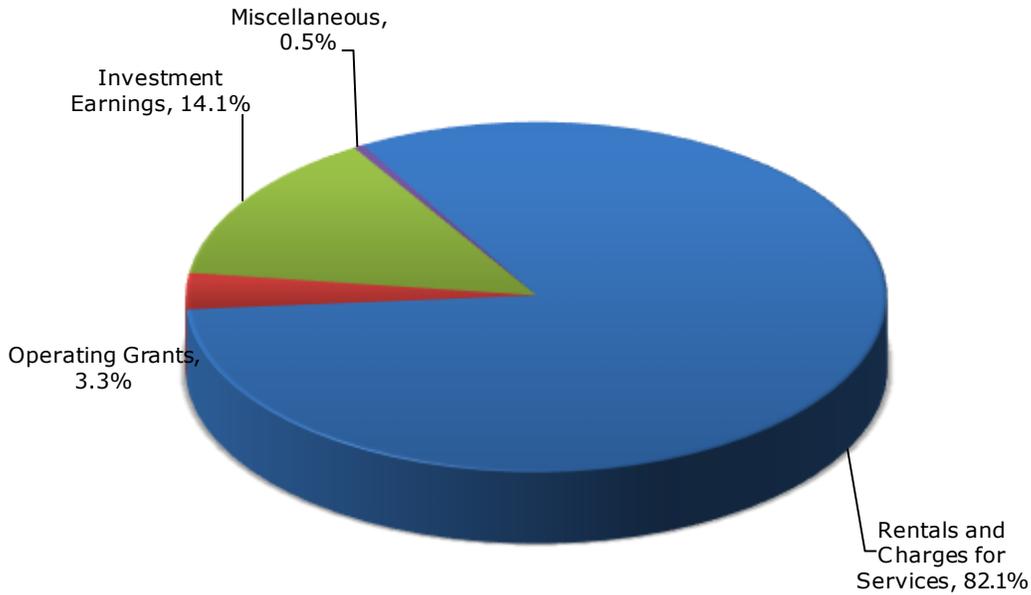
Revenues by Source – Governmental Activities



Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 82.1% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 3.3%.

Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Grayson County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus on Grayson County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$60.3 million, an increase of approximately \$19.1 million in comparison with the prior year. Approximately 17.5% percent of this total amount, \$10.6 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$45.8 million is restricted for construction and other purposes. The County has an assigned fund balance of \$2.4 million for the subsequent year's appropriation associated with the 2024 budget. The remainder of fund balance is classified to indicate that it is not available for new spending because it is restricted to pay nonspendable items, which total \$1.6 million.

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.8 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2023, unassigned fund balance represents 25.0% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$0.5 million during the current fiscal year. Revenues fell short of expenditures by \$279 thousand, but other net other financing sources/uses contributed \$745 thousand.

Grayson County maintains four road and bridge budgetary funds that are combined for financial statement reporting purposes. Each of the four funds is segregated for each of the four road and bridge precincts. The combined fund balance at September 30, 2023, is \$4.3 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased \$1.3 million during the fiscal year.

The Local Provider Participation Fund had a decrease in fund balance during the current year of \$9.0 million. The decrease was due to a timing difference between mandatory collections received being less than payments made to the state.

The American Rescue Plan fund accounts for resources received from the federal government to respond to the COVID-19 pandemic. Fund balance ended at \$0.7 million at the end of the year.

The State Highway 289 Bonds fund balance ended at \$23,616, or a decrease of \$65,720. The decrease was caused by debt service payments exceeding revenue.

The Jail Expansion Project Fund is a new fund in 2023. The fund accounts for bonds issued to expand the County's Jail and ended with fund balance of \$25.2 million.

Proprietary Funds

Grayson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport at the end of the year amounted to \$2.3 million. The total increase in net position for the fund was \$117 thousand. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than budgeted amounts mainly in the areas of intergovernmental revenue, grants, and other revenue. Expenditures were less than budgeted amounts in all areas, but the intergovernmental expenditure account. The County will continue their approach of conservative budgeting in subsequent years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County's investment in capital assets as of September 30, 2023, amounts to \$40.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

The following are the County's major capital asset additions:

- Construction in Progress for Jail Expansion \$944,000
- Watchguard Body Camera and Video Equipment \$514,000
- Motorola MCC7500E Dispatch Console System \$396,000
- Courthouse Elevator Expansion and Enhancement \$432,000
- Land purchases in downtown Sherman area \$167,000
- Road and bridge equipment \$450,000
- Gas line infrastructure installation at NTRA \$194,000

GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,460,349	\$ 3,292,602	\$ 2,829,106	\$ 2,829,106	\$ 6,289,455	\$ 6,121,708
Construction in progress	2,013,698	1,328,815	-	-	2,013,698	1,328,815
Infrastructure	5,339,572	6,191,448	9,061,704	9,366,118	14,401,276	15,557,566
Buildings	7,911,280	8,147,968	1,145,662	1,243,015	9,056,942	9,390,983
Improvements other than buildings	349,008	290,056	339,455	244,404	688,463	534,460
Software	393,825	-	-	-	393,825	-
Machinery and equipment	7,699,186	7,237,266	187,486	173,581	7,886,672	7,410,847
Total capital assets	<u>\$ 27,166,918</u>	<u>\$ 26,488,155</u>	<u>\$ 13,563,413</u>	<u>\$ 13,856,224</u>	<u>\$ 40,730,331</u>	<u>\$ 40,344,379</u>

Additional information regarding the County's capital assets can be found in Note II C on page 35 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$43.1 million. A small portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs.

GRAYSON COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Pass-through Toll Revenue Bonds payable	\$ 15,315,000	\$ 20,005,000	\$ -	\$ -	\$ 15,315,000	\$ 20,005,000
Premium on Pass-through Toll Bonds	3,258,273	972,554	-	-	3,258,273	972,554
Certificates of Obligation payable	27,810,000	6,000,000	-	-	27,810,000	6,000,000
Subscriptions	341,146	-	-	-	341,146	-
Leases	-	64,280	-	-	-	64,280
Financed purchase	728,070	624,325	-	-	728,070	624,321
Compensated absences payable	1,381,743	1,286,156	15,782	5,816	1,397,525	1,291,976
Total	<u>\$48,834,232</u>	<u>\$28,952,315</u>	<u>\$ 15,782</u>	<u>\$ 5,816</u>	<u>\$48,850,014</u>	<u>\$28,958,131</u>

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue was used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds. In 2012 and 2013, a portion of the debt was refunded to take advantage of favorable interest rates. At September 30, 2023, the total remaining debt was \$15,315,000. Certificates of Obligation have been issued in 2018 and 2023 to finance various projects.

Additional information on Grayson County's long-term debt can be found in Note II G on pages 36 – 38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Grayson County on September 30, 2023, is 3.7 percent, which is slightly more than the rate of 3.4 percent a year ago. This rate is lower than the state's unemployment rate of 3.9 percent, and lower than the national average of 3.8 percent.
- The continued growth northward from the Dallas area will continue to put demands on all aspects of County government.
- Grayson County is anticipating an expanding of the tax base in 2023, with indications that the tax base will continue to grow.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Grayson County Auditor, 100 West Houston Street, Sherman, Texas 75090.

**BASIC
FINANCIAL STATEMENTS**

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 75,925,860	\$ 2,180,160	\$ 78,106,020
Receivables (net of allowance for uncollectibles)	3,853,288	11,000,883	14,854,171
Intergovernmental receivable	16,597,472	-	16,597,472
Prepaid items	422,073	72,427	494,500
Capital assets not being depreciated	5,474,047	2,829,106	8,303,153
Capital assets, net of accumulated depreciation	21,692,871	10,734,307	32,427,178
Total assets	<u>123,965,611</u>	<u>26,816,883</u>	<u>150,782,494</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	6,332,673	43,913	6,376,586
OPEB related	1,146,158	6,552	1,152,710
Total deferred outflows of resources	<u>7,478,831</u>	<u>50,465</u>	<u>7,529,296</u>
LIABILITIES			
Accounts payable	1,899,852	62,946	1,962,798
Intergovernmental payable	462,514	-	462,514
Accrued interest payable	406,176	-	406,176
Accrued wages payable	1,365,644	13,741	1,379,385
Security deposits payable	-	16,675	16,675
Escrow deposits	482	-	482
Unearned revenue	13,772,897	-	13,772,897
Noncurrent liabilities:			
Due within one year:			
Long-term debt	7,768,592	3,946	7,772,538
Total OPEB liability	385,577	2,793	388,370
Due in more than one year:			
Long-term debt	41,065,640	11,836	41,077,476
Net pension liability	9,546,610	66,200	9,612,810
Total OPEB liability	<u>6,652,076</u>	<u>37,439</u>	<u>6,689,515</u>
Total liabilities	<u>83,326,060</u>	<u>215,576</u>	<u>83,541,636</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	560,065	3,883	563,948
OPEB related	4,543,532	25,974	4,569,506
Lease related	1,239,869	10,804,606	12,044,475
Total deferred inflows of resources	<u>6,343,466</u>	<u>10,834,463</u>	<u>17,177,929</u>
NET POSITION			
Net investment in capital assets	20,672,038	13,563,413	34,235,451
Restricted for:			
Debt service	902,495	-	902,495
Capital projects	4,229,275	-	4,229,275
Road and bridge	4,741,638	-	4,741,638
Public health	5,131,712	-	5,131,712
Juvenile services	1,350,370	-	1,350,370
Election administration	114,755	-	114,755
Emergency management	174,956	-	174,956
Records management	1,869,183	-	1,869,183
Court security and technology	91,871	-	91,871
Tax assessor-collector operations	52,888	-	52,888
Law enforcement	178,221	-	178,221
Inmate welfare	586,200	-	586,200
Court management	846,074	-	846,074
Purpose of trust	77,950	-	77,950
Other	126,504	-	126,504
Unrestricted	628,786	2,253,896	2,882,682
Total net position	<u>\$ 41,774,916</u>	<u>\$ 15,817,309</u>	<u>\$ 57,592,225</u>

The accompanying notes are an integral part of these financial statements.

GRAYSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	\$ 10,418,036	\$ 5,737,262	\$ 1,711,033
Judicial	10,044,778	655,174	185,491
Elections	599,744	-	180,450
Public safety	25,982,097	4,623,453	504,556
Highways and streets	10,486,184	3,613,893	66,000
Health and welfare	20,395,218	1,615,789	5,720,852
Culture and recreation	152,758	-	-
Conservation and development	582,862	-	-
Bond interest	1,139,550	-	-
Intergovernmental	219,798	-	-
Total governmental activities	<u>80,021,025</u>	<u>16,245,571</u>	<u>8,368,382</u>
Business-type activities:			
Grayson County Airport	<u>1,693,138</u>	<u>1,485,025</u>	<u>60,532</u>
Total business-type activities	<u>1,693,138</u>	<u>1,485,025</u>	<u>60,532</u>
Total primary government	<u>\$ 81,714,163</u>	<u>\$ 17,730,596</u>	<u>\$ 8,428,914</u>

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Other taxes

 Penalty and interest

Miscellaneous revenue

Investment earnings

 Total general revenues

 Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,969,741)	\$ -	\$ (2,969,741)
(9,204,113)	-	(9,204,113)
(419,294)	-	(419,294)
(20,854,088)	-	(20,854,088)
(6,806,291)	-	(6,806,291)
(13,058,577)	-	(13,058,577)
(152,758)	-	(152,758)
(582,862)	-	(582,862)
(1,139,550)	-	(1,139,550)
<u>(219,798)</u>	<u>-</u>	<u>(219,798)</u>
<u>(55,407,072)</u>	<u>-</u>	<u>(55,407,072)</u>
<u>-</u>	<u>(147,581)</u>	<u>(147,581)</u>
<u>-</u>	<u>(147,581)</u>	<u>(147,581)</u>
(55,407,072)	(147,581)	(55,554,653)
45,359,165	-	45,359,165
117,905	-	117,905
349,856	-	349,856
560,976	-	560,976
1,089,348	8,221	1,097,569
<u>2,310,412</u>	<u>255,951</u>	<u>2,566,363</u>
<u>49,787,662</u>	<u>264,172</u>	<u>50,051,834</u>
(5,619,410)	116,591	(5,502,819)
<u>47,394,326</u>	<u>15,700,718</u>	<u>63,095,044</u>
<u>\$ 41,774,916</u>	<u>\$ 15,817,309</u>	<u>\$ 57,592,225</u>

GRAYSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds			
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
ASSETS				
Cash and investments	\$ 16,067,162	\$ 4,973,385	\$ 3,564,079	\$ 14,785,166
Taxes receivable	1,231,008	162,468	-	-
Receivables (net of allowances)	107,830	440,244	-	-
Intergovernmental receivables	80,333	98,564	-	-
Due from other funds	88,161	-	-	-
Advance to other funds	1,247,160	-	-	-
Prepaid items	388,292	-	-	-
Total assets	<u>19,209,946</u>	<u>5,674,661</u>	<u>3,564,079</u>	<u>14,785,166</u>
LIABILITIES				
Accounts payable	675,964	722,796	-	337,260
Accrued wages payable	1,039,435	132,994	-	-
Intergovernmental payable	462,514	-	-	-
Escrow deposit	482	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	3,244	-	-	13,764,028
Advance from other funds	-	-	-	-
Total liabilities	<u>2,181,639</u>	<u>855,790</u>	<u>-</u>	<u>14,101,288</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,110,797	144,060	-	-
Unavailable revenue-court fines	117,348	389,824	-	-
Unavailable revenue-TXDOT revenue	-	-	-	-
Leases	-	-	-	-
Total deferred inflows of resources	<u>1,228,145</u>	<u>533,884</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Advance to other funds	1,247,160	-	-	-
Prepaid items	388,292	-	-	-
Restricted for:				
Public health	-	-	3,564,079	683,878
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	-
Road and bridge	-	4,284,987	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Assigned - Subsequent year's appropriation of fund balance	2,356,905	-	-	-
Unassigned:	11,807,805	-	-	-
Total fund balances	<u>15,800,162</u>	<u>4,284,987</u>	<u>3,564,079</u>	<u>683,878</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>\$ 19,209,946</u>	<u>\$ 5,674,661</u>	<u>\$ 3,564,079</u>	<u>\$ 14,785,166</u>

Debt Service Fund	Capital Projects Fund	Other	Total
State Highway 289 Bonds	Jail Expansion Project	Governmental Funds	Governmental
\$ 23,616	\$ 25,202,637	\$ 11,309,815	\$ 75,925,860
-	-	48,325	1,441,801
-	8,606	1,854,807	2,411,487
15,844,875	-	573,700	16,597,472
-	-	-	88,161
-	-	-	1,247,160
-	-	33,781	422,073
<u>15,868,491</u>	<u>25,211,243</u>	<u>13,820,428</u>	<u>98,134,014</u>
-	-	163,832	1,899,852
-	-	193,215	1,365,644
-	-	-	462,514
-	-	-	482
-	-	88,161	88,161
-	-	5,625	13,772,897
-	-	1,247,160	1,247,160
-	-	1,697,993	18,836,710
-	-	43,699	1,298,556
-	-	57,526	564,698
15,844,875	-	-	15,844,875
-	-	1,239,869	1,239,869
<u>15,844,875</u>	<u>-</u>	<u>1,341,094</u>	<u>18,947,998</u>
-	-	-	1,247,160
-	-	-	388,292
-	-	883,755	5,131,712
-	-	1,350,370	1,350,370
-	-	114,755	114,755
-	-	174,956	174,956
-	-	1,869,183	1,869,183
-	-	261,288	261,288
-	-	91,871	91,871
-	-	52,888	52,888
-	-	11,358	11,358
-	-	126,504	126,504
-	-	178,221	178,221
-	-	586,200	586,200
-	-	846,074	846,074
-	-	335,709	4,620,696
23,616	-	841,024	864,640
-	25,211,243	4,226,395	29,437,638
-	-	77,950	77,950
-	-	-	2,356,905
-	-	(1,247,160)	10,560,645
<u>23,616</u>	<u>25,211,243</u>	<u>10,781,341</u>	<u>60,349,306</u>
\$ 15,868,491	\$ 25,211,243	\$ 13,820,428	\$ 98,134,014

GRAYSON COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

Total fund balances, governmental funds	\$ 60,349,306
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	27,166,918
Deferred outflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	6,332,673
Deferred outflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	1,146,158
Some liabilities, such as long-term bonds payable, leases, and compensated absences, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the Statement of Net Position.	
Bonds payable	(46,383,273)
Financed purchases	(728,070)
Subscriptions	(341,146)
Compensated absences	(1,381,743)
Net pension liability	(9,546,610)
Total OPEB liability	(7,037,653)
Interest on long-term debt	(406,176)
The portion of certain receivable not collected soon enough to pay for the current period's expenditures are deferred in the funds.	
Intergovernmental	15,844,875
Property taxes	1,298,556
Court fines	564,698
Deferred inflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	(560,065)
Deferred inflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	<u>(4,543,532)</u>
Net position of governmental activities	<u>\$ 41,774,916</u>

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
REVENUES				
Taxes:				
Property	\$ 37,613,953	\$ 6,294,504	\$ -	\$ -
Other	349,856	-	-	-
Penalty and interest on taxes	474,782	68,032	-	-
Licenses and permits	587,656	-	-	-
Intergovernmental revenue	1,881,718	200,352	-	1,139,924
Charges for services	2,780,336	907,157	-	-
Fines	-	650,160	-	-
Forfeits	20,700	-	-	-
Vehicle registration fees	1,940,727	1,786,184	-	-
Investment earnings	974,665	204,118	-	538,453
Contributions and donations	205,000	66,000	4,023,311	-
Other revenue	106,586	-	-	-
Total revenues	<u>46,935,979</u>	<u>10,176,507</u>	<u>4,023,311</u>	<u>1,678,377</u>
EXPENDITURES				
Current:				
General government	9,574,760	-	-	-
Judicial	9,268,674	-	-	-
Elections	561,276	-	-	-
Public safety	21,582,090	-	-	-
Highways and streets	-	8,325,107	-	-
Health and welfare	4,136,313	-	13,002,797	1,139,924
Culture and recreation	156,120	-	-	-
Conservation and development	580,436	-	-	-
Debt service:				
Principal	140,612	299,549	-	-
Interest	-	15,280	-	-
Bond issuance costs	-	-	-	-
Capital outlay	1,007,206	922,958	-	-
Intergovernmental	207,033	-	-	-
Total expenditures	<u>47,214,520</u>	<u>9,562,894</u>	<u>13,002,797</u>	<u>1,139,924</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(278,541)</u>	<u>613,613</u>	<u>(8,979,486)</u>	<u>538,453</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	57,764	304,544	-	-
Issuance of bonds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Issuance of leases and subscriptions	432,226	-	-	-
Issuance of financed purchase	-	382,765	-	-
Insurance recoveries	572,558	-	-	-
Transfers in	-	-	-	-
Transfers out	(317,965)	-	-	-
Total other financing sources and uses	<u>744,583</u>	<u>687,309</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	466,042	1,300,922	(8,979,486)	538,453
FUND BALANCES, BEGINNING	<u>15,334,120</u>	<u>2,984,065</u>	<u>12,543,565</u>	<u>145,425</u>
FUND BALANCES, ENDING	<u>\$ 15,800,162</u>	<u>\$ 4,284,987</u>	<u>\$ 3,564,079</u>	<u>\$ 683,878</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental
State Highway 289 Bonds	Jail Expansion Project		
\$ 11,465	\$ -	\$ 1,445,951	\$ 45,365,873
-	-	-	349,856
16,872	-	1,290	560,976
-	-	351,277	938,933
5,281,625	-	2,276,266	10,779,885
-	-	5,798,296	9,485,789
-	-	33,245	683,405
-	-	63,177	83,877
-	-	-	3,726,911
4,518	202,637	406,747	2,331,138
-	-	199,127	4,493,438
-	-	6,790	113,376
<u>5,314,480</u>	<u>202,637</u>	<u>10,582,166</u>	<u>78,913,457</u>
500	-	522,232	10,097,492
-	-	704,325	9,972,999
-	-	36,707	597,983
-	-	4,184,977	25,767,067
-	-	1,130,457	9,455,564
-	-	2,037,469	20,316,503
-	-	65,043	221,163
-	-	-	580,436
4,690,000	-	911,960	6,042,121
689,700	-	240,521	945,501
-	285,869	-	285,869
-	-	442,429	2,372,593
-	-	12,765	219,798
<u>5,380,200</u>	<u>285,869</u>	<u>10,288,885</u>	<u>86,875,089</u>
<u>(65,720)</u>	<u>(83,232)</u>	<u>293,281</u>	<u>(7,961,632)</u>
-	-	375	362,683
-	22,715,000	-	22,715,000
-	2,579,475	-	2,579,475
-	-	-	432,226
-	-	23,575	406,340
-	-	31,849	604,407
-	-	417,744	417,744
-	-	(99,779)	(417,744)
-	<u>25,294,475</u>	<u>373,764</u>	<u>27,100,131</u>
(65,720)	25,211,243	667,045	19,138,499
<u>89,336</u>	<u>-</u>	<u>10,114,296</u>	<u>41,210,807</u>
<u>\$ 23,616</u>	<u>\$ 25,211,243</u>	<u>\$ 10,781,341</u>	<u>\$ 60,349,306</u>

GRAYSON COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - governmental funds balance sheet \$ 19,138,499

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	4,936,754
Depreciation	(4,156,144)
Disposal of capital assets	(101,847)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Property taxes	111,197
Court fines	54,179
Intergovernmental	(5,281,625)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Issuance of bonds, leases and subscriptions, financed purchases	(26,133,041)
Principal repayment	6,052,955
Amortization of premiums	293,756

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:

Interest	(201,936)
Pension cost	(249,788)
Other postemployment benefits cost	13,218
Compensated absences	<u>(95,587)</u>

Change in net position of governmental activities \$ (5,619,410)

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Grayson County Airport
ASSETS	
Current assets:	
Cash and investments	\$ 2,180,160
Accounts receivable	11,000,883
Prepaid expenses	<u>72,427</u>
Total current assets	<u>13,253,470</u>
Noncurrent assets:	
Capital assets:	
Land	2,829,106
Infrastructure	29,733,932
Buildings	6,284,964
Improvements other than buildings	426,886
Machinery and equipment	507,286
Accumulated depreciation	<u>(26,218,761)</u>
Total noncurrent assets	<u>13,563,413</u>
Total assets	<u>26,816,883</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	43,913
OPEB related	<u>6,552</u>
Total deferred outflows of resources	<u>50,465</u>
LIABILITIES	
Current liabilities:	
Accounts payable	62,946
Accrued wages payable	13,741
Security deposits payable	16,675
Compensated absences	3,946
Total OPEB liability	<u>2,793</u>
Total current liabilities	<u>100,101</u>
Noncurrent liabilities:	
Compensated absences	11,836
Net pension liability	66,200
Total OPEB liability	<u>37,439</u>
Total noncurrent liabilities	<u>115,475</u>
Total liabilities	<u>215,576</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	3,883
OPEB related	25,974
Lease related	<u>10,804,606</u>
Total deferred inflows of resources	<u>10,834,463</u>
NET POSITION	
Net investment in capital assets	13,563,413
Unrestricted	<u>2,253,896</u>
Total net position	<u>\$ 15,817,309</u>

The accompanying notes are an integral part of these financial statements.

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Grayson County Airport
OPERATING REVENUES	
Grant funding	\$ 60,532
Rents and royalties	1,334,148
Charges for services	150,877
Other revenue	<u>8,221</u>
Total operating revenues	<u>1,553,778</u>
OPERATING EXPENSES	
Salaries and benefits	353,276
Purchased professional services	253,162
Purchased property services	305,605
Other operating expenses	106,282
Depreciation	<u>674,813</u>
Total operating expenses	<u>1,693,138</u>
OPERATING GAIN (LOSS)	<u>(139,360)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>255,951</u>
Total nonoperating revenues (expenses)	<u>255,951</u>
CHANGE IN NET POSITION	116,591
TOTAL NET POSITION, BEGINNING	<u>15,700,718</u>
TOTAL NET POSITION, ENDING	<u>\$ 15,817,309</u>

GRAYSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Grayson County Airport
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,553,778
Cash payments to employees for services	(309,083)
Cash payments for other operating expenses	(814,704)
Net cash provided (used) by operating activities	429,991
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(382,002)
Net cash provided (used) by capital and related financing activities	(382,002)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	255,951
Net cash provided (used) by investing activities	255,951
NET INCREASE IN CASH AND CASH EQUIVALENTS	303,940
CASH AND CASH EQUIVALENTS, BEGINNING	1,876,220
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,180,160
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating gain (loss)	\$ (139,360)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	674,813
Changes in assets and liabilities:	
Decrease (increase) in due from other receivables	(354,505)
Decrease (increase) in prepaid expenses	(10,026)
Decrease (increase) in deferred outflows	(21,123)
Increase (decrease) in accounts payable	(78,090)
Increase (decrease) in accrued wages payable	7,056
Increase (decrease) in security deposits payable	4,289
Increase (decrease) in compensated absences	9,966
Increase (decrease) in net pension liability (asset)	98,276
Increase (decrease) in total OPEB liability	2,561
Increase (decrease) in deferred inflows related to pensions	(56,832)
Increase (decrease) in deferred inflows	292,966
Net cash provided (used) by operating activities	\$ 429,991

GRAYSON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 13,507,816
Total assets	<u>13,507,816</u>
LIABILITIES	
Due to other governments	4,396,069
Due to individuals and organizations	<u>24,984</u>
Total liabilities	<u>4,421,053</u>
NET POSITION	
Restricted for:	
Trust beneficiaries	7,992,220
Individuals and organizations	<u>1,094,543</u>
Total net position	<u>\$ 9,086,763</u>

GRAYSON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
ADDITIONS	
Registry deposits	\$ 8,191,448
Receipts from inmates	1,046,950
State fee collections	800,305
Appellate justice system collections	14,146
Seizures collections	25,839
Restitution collections	263,853
Hot check collections	139,966
Tax collections	283,622,627
Vehicle registration collections	43,684,592
Cash bond receipts	398,708
Investment earnings	68,074
Total additions	<u>338,256,508</u>
DEDUCTIONS	
Registry withdrawals	4,765,314
Inmate disbursements	314,929
Disbursements to others	723,437
State fee disbursements	800,305
Appellate justice system disbursements	14,146
Seizure disbursements	3,890
Restitution paid	263,853
Hot check disbursements	139,966
Tax disbursements	283,622,627
Vehicle registration disbursements	43,684,592
Refunds	280,614
Total deductions	<u>334,613,673</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	3,642,835
NET POSITION, BEGINNING	<u>5,443,928</u>
NET POSITION, ENDING	<u>\$ 9,086,763</u>

GRAYSON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Grayson County, Texas (the "County"), have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes to the financial statements are an integral part of the basic financial statements of the County. The following is a discussion of the more significant accounting policies utilized by the County.

A. Reporting Entity

Accounting standards establish criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of a voting majority, 3) imposition of will, 4) financial benefit to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision on whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in the preceding paragraph.

The County is a partner in a joint venture with various local governmental units. These governments have formed the Juvenile Detention Center of Grayson, Cooke, and Fannin Counties, which provides residential services for juveniles of any County. This joint venture does not meet the criteria stated above for inclusion in the County's financial statements and has no equity interest to require its inclusion as an investment in the County's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and service charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements because they cannot be used for the County's operations. Major individual governmental funds and the major individual Enterprise Fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Road and Bridge Fund** is used to account for the operation, construction and maintenance of roads and bridges. Financing is provided by a special annual property tax levy to the extent miscellaneous revenue (principally fines and fees of office) are not sufficient to provide such financing. The County is divided into four precincts; each precinct is provided with a separate budget administered by the County Commissioner elected from such precinct.

The **Local Provider Participation Fund** is used to account for the revenues from mandatory payments that may be required by the County from an institutional healthcare provider to fund certain intergovernmental transfers and indigent care programs.

The **American Rescue Plan Fund** is used to account for monies received from the Coronavirus State and Local Fiscal Recovery Fund as part of the American Rescue Plan Act that was passed by the Federal Government in response to the COVID-19 pandemic.

The **State Highway 289 Bonds Fund** is used to accumulate monies for payment of obligations related to the issuance of debt for the costs of upgrading Highway 289. Monies received through the Toll Revenue Agreement with Texas Department of Transportation are legally restricted to servicing this debt until the bond issue is retired.

The **Jail Expansion Project Fund** is used to accumulate monies from Certificates of Obligation Series 2023, which will be used to fund the expansion of the County jail in downtown Sherman, Texas.

Additionally, the County reports the following proprietary fund:

Enterprise Funds account for the operation of the North Texas Regional Airport. All activities necessary to provide for the Airport's services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

Additionally, the County reports the following fiduciary fund types:

Custodial funds account for monies held for various agencies and entities, but not held in a trust.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. *Cash and Investments*

Cash includes amounts in demand deposit and savings accounts, as well as short-term investments with a maturity date within three months of the date acquired by the County.

The County is legally permitted to purchase as investments or collateralize deposits with the following types of instruments: (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having an investment quality rating of A; (5) certificates of deposit issued by state or national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations described in (1) through (4) above; and (6) fully collateralized direct repurchase agreements.

2. *Inventories and Prepaid Items*

Inventories of supplies are no longer maintained on hand. Supplies are expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection experience.

Property taxes are levied prior to October 1 of each year and become delinquent on the subsequent February 1. Delinquent real property taxes are expected to be collected, as these delinquent amounts are a lien against the related property until paid. These amounts are classified as noncurrent and are reflected on the balance sheets of the related funds. A corresponding balance is reflected as deferred revenue as these amounts are not available spendable resources.

Collections of the current year's levy are reported as current revenue if received by September 30 (within 8 months of the January 31 due date). Collections received thereafter are reported as delinquent tax revenue.

4. Leases and Subscription-based Information Technology Arrangements

The County is a participant in noncancellable leases of equipment and subscription-based IT arrangements (SBITAs). The County recognizes liabilities and intangible right-to-use assets (assets) in the government-wide financial statements.

At the commencement of a lease or SBITA, the County initially measures a liability at the present value of payments expected to be made during the term of the agreement. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the agreement's commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and SBITAs include how the County determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed-upon payments.

- The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the lease or SBITA.
- The payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and SBITAs and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

Lease and SBITA assets are reported with other capital assets and the liabilities are reported with long term debt on the statement of net position.

The County as a Lessor

The County is a lessor in several lease arrangements. Accounting standards require the lessor to recognize a lease receivable at the present value of lease payments anticipated to be received during the lease term, reduced by any provisions for estimated uncollectible amounts. A deferred inflow is recorded at the initial value of the lease receivable, plus the amount of any payments received at or before the commencement of the least term that relate to future periods. The County continues to report the underlying lease asset in its financial statements.

The County reports lease revenue systematically over the term of the lease. Interest revenue is calculated using the discount rate on each lease receivable in subsequent financial reporting periods.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20 - 50
Improvements	5 - 50
Equipment	5 - 20
Infrastructure	35 - 125
Right-to-use equipment	5 - 20
Right-to-use subscriptions	3 - 5

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension liability – The difference is deferred and amortized over a closed five-year period.

- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

7. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick pay benefits are lost upon termination. The maximum amount of vacation leave that can be carried over at the end of the calendar year is 160 hours. Time in excess of the 160-hour limit will not be advanced to the next calendar year. Payments in lieu of accrued vacation may be made from the elected official's budget for time in excess of the 160-hour limit if approved by Commissioners' Court. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

9. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDR's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For the purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. *Other Post-Employment Benefits*

For purposes of measuring the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense under the retiree health plan, information about the plan is obtained from a report prepared for the County by the consulting actuary, GRS.

11. *Net Position Flow Assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. *Fund Balance Flow Assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

14. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. (Net investment in capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.) Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

15. Change in Accounting Principle

GASB Statement No. 96, *Subscription-based IT Arrangements (SBITA)*, was adopted effective October 1, 2022. The statement addresses accounting and financial reporting for subscription-based IT contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to SBITAs in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a depository contract, contents of which are set out in the *Depository Contract Law*. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds, on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

At September 30, 2023, the total reported value of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>
Cash Deposits	\$ 88,744,700	n/a
Simmons Bank - CDARS	1,092,301	250
TexPool	<u>1,776,835</u>	26
Total	<u>\$ 91,613,836</u>	
Portfolio weighted average maturity		96

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool and Logic have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Cash Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2023, were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2023, TexPool's investment credit quality rating was AAAM and LOGIC's investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor's.

B. Property Taxes

Property subject to taxation consists of real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions, in arriving at the total assessed valuation of property subject to County taxation. The valuations are subject to countywide revaluation every year. The effective tax rate is computed based upon the previous year's total assessed valuation.

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2022 tax rate allocated to each fund:

	Rate Per \$100
Road and bridge fund (special revenue)	\$ 0.041776
Permanent improvement fund (capital projects)	0.000674
Debt Service	0.008963
General fund	<u>0.253687</u>
 Total	 \$ <u><u>0.305100</u></u>

Ad valorem taxes are levied prior to October 1 and are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent February 1 of each year and are subject to simple interest of 12% per annum, plus a 6% penalty for the first calendar month such taxes are delinquent, plus an additional 2 percent each month thereafter not to exceed 12%.

Taxes on real property attach as an enforceable lien as of January 1 and are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

C. Capital Assets

Capital assets activity for the year ended September 30, 2023, are as follows:

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,292,602	\$ 167,747	\$ -	\$ 3,460,349
Construction in progress	1,328,815	1,117,325	(432,442)	2,013,698
Total assets not being depreciated	4,621,417	1,285,072	(432,442)	5,474,047
Capital assets, being depreciated:				
Infrastructure	103,493,047	945,188	(320,006)	104,118,229
Buildings	29,286,083	10,406	432,442	29,728,931
Improvements other than buildings	993,856	100,060	-	1,093,916
Right-to-use equipment	114,117	-	(114,117)	-
Right-to-use subscriptions	-	442,224	-	442,224
Machinery and equipment	27,435,671	2,153,804	(1,781,175)	27,808,300
Total capital assets being depreciated	161,322,774	3,651,682	(1,782,856)	163,191,600
Less accumulated depreciation:				
Infrastructure	(97,301,599)	(1,797,064)	320,006	(98,778,657)
Buildings	(21,138,115)	(679,536)	-	(21,817,651)
Improvements other than buildings	(703,800)	(41,108)	-	(744,908)
Right-to-use equipment	(45,369)	-	45,369	-
Right-to-use subscriptions	-	(48,399)	-	(48,399)
Machinery and equipment	(20,267,153)	(1,590,037)	1,748,076	(20,109,114)
Total accumulated depreciation	(139,456,036)	(4,156,144)	2,113,451	(141,498,729)
Total capital assets being depreciated, net	21,866,738	(504,462)	330,595	21,692,871
Governmental activities capital assets, net	\$ 26,488,155	\$ 780,610	\$ (101,847)	\$ 27,166,918
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,829,106	\$ -	\$ -	\$ 2,829,106
Total assets not being depreciated	2,829,106	-	-	2,829,106
Capital assets, being depreciated:				
Infrastructure	29,539,473	194,458	-	29,733,931
Buildings	6,284,964	-	-	6,284,964
Improvements other than buildings	294,632	132,254	-	426,886
Machinery and equipment	451,997	55,290	-	507,287
Total capital assets being depreciated	36,571,066	382,002	-	36,953,068
Less accumulated depreciation:				
Infrastructure	(20,173,355)	(498,872)	-	(20,672,227)
Buildings	(5,041,949)	(97,353)	-	(5,139,302)
Improvements other than buildings	(50,228)	(37,203)	-	(87,431)
Machinery and equipment	(278,416)	(41,385)	-	(319,801)
Total accumulated depreciation	(25,543,948)	(674,813)	-	(26,218,761)
Total capital assets being depreciated, net	11,027,118	(292,811)	-	10,734,307
Business-type activities capital assets, net	\$ 13,856,224	\$ (292,811)	\$ -	\$ 13,563,413

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 495,798
Judicial	16,194
Public safety	1,052,589
Health and welfare	48,805
Highways and streets	2,542,758
Total	\$ 4,156,144
Business-type activities:	
Airport	\$ 674,813
Total	\$ 674,813

D. Interfund Receivables, Payables, Advances and Transfers

Interfund balances during the year ended September 30, 2023, consisted of the following amounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 88,161</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, 2) transactions are recorded in the account system, and 3) payments between funds are made.

Interfund advances during the year ended September 30, 2023, consisted of the following amounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 1,247,160</u>

The amounts payable to the General Fund relate to working capital loans made to the Detention Center Renovation Fund.

Interfund transfers during the year ended September 30, 2023, consisted of the following amounts:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Explanation</u>
General fund	Nonmajor governmental	\$ 317,965	Supplement fund resources
Nonmajor governmental	Nonmajor governmental	<u>99,779</u>	Supplement fund resources
Total		<u>\$ 417,744</u>	

E. Leases Receivable

The County has entered into various leases for buildings, land, and hangar space as a lessor. The leases carry interest rates ranging from 0.21% to 3.31% and monthly payment amounts range from \$97 to \$15,000.

Principal and interest receipts to maturity are as follows:

Year Ending <u>September 30,</u>	<u>Business-type Activities</u>		<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 984,566	\$ 177,654	\$ 70,302	\$ 19,698	\$ 1,252,220
2025	1,000,292	164,217	71,441	18,559	1,254,509
2026	878,398	150,762	72,598	17,402	1,119,160
2027	841,093	138,419	73,774	16,226	1,069,512
2028	643,405	126,859	74,969	15,031	860,264
2029 - 2033	2,373,924	489,374	393,454	56,546	3,313,298
2034 - 2038	1,007,513	346,918	426,364	23,636	1,804,431
2039 - 2043	634,218	275,019	74,450	550	984,237
2044 - 2048	569,752	220,283	-	-	790,035
2049 - 2053	457,758	170,763	-	-	628,521
2054 - 2058	424,550	130,766	-	-	555,316
2059 - 2063	449,574	89,569	-	-	539,143
2064 - 2068	483,795	45,930	-	-	529,725
2069 - 2071	238,294	5,756	-	-	244,050
Total	<u>\$ 10,987,132</u>	<u>\$ 2,532,289</u>	<u>\$ 1,257,352</u>	<u>\$ 167,648</u>	<u>\$ 14,944,421</u>

F. Investments in Joint Venture

The Cooke, Fannin, and Grayson County Juvenile Detention Center (Detention Center) was established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides probation, detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. The Detention Center is managed by a board of directors, which is composed of seven members, three appointed by the Commissioners of Grayson County, and two members each appointed by the Commissioners of Cooke and Fannin Counties, respectively. The Detention Center was constructed with grant funds and amounts contributed by the three Participants. Grayson County has been recognized as the administrative entity for financial activities and personnel support and benefits by contract dated October 31, 1983. All costs associated with the Detention Center after applicable charges and grants are shared by the Participants and are allocated as follows: Cooke, 20%; Fannin, 20%; and Grayson, 60%. The County has an ongoing financial responsibility because the Detention Center's continued existence depends upon the continual funding by its members. The Detention Center does not have stock and the members do not have an explicit, measurable right to the net resources of the Detention Center; therefore, no equity interest exists.

Complete financial statements of the individual joint venture can be obtained from its administrative office as follows: Cooke, Fannin and Grayson County, Juvenile Detention Center, 86 Dyess Street, Denison, Texas 75020.

G. Long-term Debt

Pass-through Toll Revenue and Limited Tax Bonds

On February 1, 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds, Series 2007 (the "Bonds"). The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; and the "Order Authorizing the Issuance of Grayson County, Texas Pass-through Toll Revenue and Limited Tax Bonds, Series 2007" adopted by the Commissioners' Court on January 22, 2007, (the "Order"). The Order authorizes the issuance of the Bonds payable in whole or in part from payments (the "Payments") received by the County pursuant to a Pass-through Toll Agreement effective as of November 17, 2006, (the "Agreement") between the County and the Texas Department of Transportation (the "Department"), an agency of the State of Texas charged with administering state and federal funds for highway construction and maintenance.

Proceeds from the sale of the Bonds were used for (i) designing, developing, financing, constructing, extending, expanding or improving a non-toll project or facility for State Highway 289, a part of the state highway system located in the County, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

In June 2012 and March 2013, the County issued Pass-through Toll Revenue and Limited Tax Refunding Bonds, Series 2012 and Series 2013, respectively. The bonds were issued to refund the Series 2007 bonds mentioned above and carry interest rates ranging from 3.0% to 5.0% and 1.62% and 4.5%, respectively. The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; and an Order adopted by the Commissioners Court of the County. The Bonds are obligations of the County which are payable in whole or in part from a first lien on the Payments, including the pledged revenues and the payments, and are further secured by the County's pledge of an ad valorem tax upon all taxable property within the County to the extent the Security is not sufficient. It should be noted that the Series 2012 bond matured during fiscal year 2022, therefore any maturity schedules will only reflect the Series 2013 bond.

Combination Tax and Revenue Certificates of Obligation

Certificate of Obligation, Series 2018

In October 2018, Grayson County issued \$9,415,000 of Combination Tax and Revenue Certificates of Obligation, Series 2018. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 502, Texas Transportation Code, and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from a combination of the (i) levy and collection of a direct and continuing ad valorem tax on all taxable property within the County and (ii) limited pledge (not to exceed \$1,000) of the revenues the County receives from vehicle registration fees authorized pursuant to Chapter 502, Texas Transportation Code.

The Certificates are being issued for the purpose of paying contractual obligations for constructing or improving any road in the County and paying costs of issuance.

Certificate of Obligation, Series 2023

In June 2023, Grayson County issued \$22,715,000 of Combination Tax and Revenue Certificates of Obligation, Series 2023. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax on all property within the County.

The Certificates are being issued for the purpose of paying contractual obligations for expanding, renovating, repairing, improving, and equipping the existing county jail.

Remedy in the Event of Default

Should the County default on the Certificates noted above, the registered owners of the Certificates only practical remedy is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as they become due.

Debt Service Requirements

Annual debt service requirements to maturity for the Pass-through Revenue and Limited Tax Bonds, Series 2013 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 4,905,000	\$ 473,813	\$ 5,378,813
2025	5,115,000	261,150	5,376,150
2026	5,295,000	79,425	5,374,425
Total	<u>\$ 15,315,000</u>	<u>\$ 814,388</u>	<u>\$ 16,129,388</u>

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2018 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 940,000	\$ 203,800	\$ 1,143,800
2025	980,000	166,200	1,146,200
2026	1,015,000	127,000	1,142,000
2027	1,060,000	86,400	1,146,400
2028	1,100,000	44,000	1,144,000
Total	<u>\$ 5,095,000</u>	<u>\$ 627,400</u>	<u>\$ 5,722,400</u>

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2023 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 1,250,000	\$ 1,195,692	\$ 2,445,692
2025	1,370,000	1,073,250	2,443,250
2026	1,445,000	1,004,750	2,449,750
2027	1,515,000	932,500	2,447,500
2028	1,590,000	856,750	2,446,750
2029-2033	15,545,000	2,407,250	17,952,250
Total	\$ 22,715,000	\$ 7,470,192	\$ 30,185,192

Subscriptions Payable

In 2023, the County entered into a 60-month subscription for the use of WatchGuard Video System. An initial subscription liability was recorded in the amount of \$432,224. The County is required to make annual fixed payments of \$91,080. The subscription has an interest rate of 2.6820%.

Annual debt service requirements to maturity for the subscriptions are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 81,931	\$ 9,149	\$ 91,080
2025	84,128	6,952	91,080
2026	86,384	4,696	91,080
2027	88,703	2,379	91,082
Total	\$ 341,146	\$ 23,176	\$ 364,322

Financed Purchases

The County has financed the purchase of equipment for each of its Road & Bridge precincts and Justice Center. The financing arrangements mature from fiscal years 2024 to 2026 and carry interest rates ranging from 2.34% - 6.95%. Annual payments range from \$8,554 to \$291,420.

Annual debt service requirements to maturity for the financed purchases are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 246,225	\$ 32,612	\$ 278,837
2025	432,647	24,691	457,338
2026	49,198	1,140	50,338
Total	\$ 728,070	\$ 58,443	\$ 786,513

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2023, is as follows:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Due within One year
Governmental activities:					
Pass-through toll revenue and limited tax refunding bonds, Series 2013 Combination Tax and Revenue	\$ 20,005,000	\$ -	\$ 4,690,000	\$ 15,315,000	\$ 4,905,000
Certificates of Obligation, Series 2018 Combination Tax and Revenue	6,000,000	-	905,000	5,095,000	940,000
Certificates of Obligation, Series 2023	-	22,715,000	-	22,715,000	1,250,000
Premium on pass-through toll revenue and limited tax bonds	972,554	2,579,475	293,756	3,258,273	-
Financed purchases	624,325	406,340	302,595	728,070	246,225
Leases	64,280	-	64,280	-	-
Subscriptions	-	432,226	91,080	341,146	81,931
Compensated absences	1,286,156	2,034,711	1,939,124	1,381,743	345,436
Governmental activities long-term liabilities	<u>\$ 28,952,315</u>	<u>\$ 28,167,752</u>	<u>\$ 8,285,835</u>	<u>\$ 48,834,232</u>	<u>\$ 7,768,592</u>
Business-type activities:					
Compensated absences	\$ 5,816	\$ 15,801	\$ 5,835	\$ 15,782	\$ 3,946
Business-type activities long-term liabilities	<u>\$ 5,816</u>	<u>\$ 15,801</u>	<u>\$ 5,835</u>	<u>\$ 15,782</u>	<u>\$ 3,946</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

H. Disaggregation of Receivables and Payables

Receivables on the fund financial statements at September 30, 2023, are as follows:

	General	Road and Bridge	State Highway 289 Bonds	Jail Expansion Project	Other Governmental	Total Governmental Activities
Governmental activities:						
Property taxes	\$ 2,130,242	\$ 281,152	\$ -	\$ -	\$ 83,626	\$ 2,495,020
Accounts	471,375	1,754,222	-	8,606	718,808	2,953,011
Accrued interest	-	-	-	-	1,685	1,685
Leases	-	-	-	-	1,257,353	1,257,353
Intergovernmental	<u>80,333</u>	<u>98,564</u>	<u>15,844,875</u>	<u>-</u>	<u>573,700</u>	<u>16,597,472</u>
Gross receivable	2,681,950	2,133,938	15,844,875	8,606	2,635,172	23,304,541
Less: allowance for uncollectibles	<u>(1,262,779)</u>	<u>(1,432,662)</u>	<u>-</u>	<u>-</u>	<u>(158,340)</u>	<u>(2,853,781)</u>
Total	<u>\$ 1,419,171</u>	<u>\$ 701,276</u>	<u>\$ 15,844,875</u>	<u>\$ 8,606</u>	<u>\$ 2,476,832</u>	<u>\$ 20,450,760</u>
Business-type Activities:						
		Airport	Total Business-type Activities			
Accrued interest		\$ 13,751	\$ 13,751			
Leases		<u>10,987,132</u>	<u>10,987,132</u>			
Total		<u>\$ 11,000,883</u>	<u>\$ 11,000,883</u>			

I. Federal Arbitrage

General obligation bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

J. Commitments and Contingencies

Contingent Liabilities

The County is in compliance with all terms of bond indenture agreements, all contracts, and federal, state and local laws and regulations. The various federal and state financial awards and contracts in which the County participates are subject to program compliance audits. The audits of these programs have not yet been accepted by the granting agencies. The amount, if any, which may be disallowed, cannot be determined at this time, although the County expects such amounts, if any, to not be material. Accordingly, no liabilities have been accrued as a contingency related to compliance matters.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Economic Development Agreement

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with twelve entities as of September 30, 2023:

Purpose	Percent abated during fiscal year	Dollar amount abated during fiscal year
Taxpayer will build 120 room hotel with a 23,000 sq/ft conference center.	100%	\$ 44,081
Taxpayer commits to continued local development.	48%	401,508
Taxpayer commits to improvements to property within Industrial Reinvestment Zone.	45%	26,349
Taxpayer will construct 55,000 sq/ft building to house 4,400 ton extrusion press and related equipment.	25%	12,542
Taxpayer will invest up to \$6 million for facilities, equipment and personal property	50%	12,302
Taxpayer invest a minimum of \$6 million.	50%	7,985
Taxpayer will invest \$8 million in facilit & \$1.6 million in personal property	25%	4,408
Taxpayer will invest and \$20 - \$30 million in real property in the County and \$120 million in equipment.	55%	198,244
Taxpayer will invest \$10 - \$12 million in real property and personal property in the County.	50%	<u>10,239</u>
Total		<u><u>\$ 717,658</u></u>

K. Defined Benefit Pension Plan

Plan Description

The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all of eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the act.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2022 valuation and December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	375
Inactive employees entitled to but not yet receiving benefits	543
Active employees	<u>562</u>
Total	<u><u>1,480</u></u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 4% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.55% and 9.07% in calendar years 2022 and 2023, respectively. The County’s contributions to TCDRS for the year ended September 30, 2023, were \$3,121,862 and were equal to the required contributions.

Net Pension Liability

The County’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50% (Gross of administrative expenses)

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2018 actuarial valuation. All plan liabilities are now valued using an 7.60% discount rate. Previously, some liabilities were valued using a 8% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2023 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2023. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets Standard (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6% per Cliffwater's 2022 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 137,817,981	\$ 146,030,190	\$ (8,212,209)
Changes for the year:			
Service cost	3,002,051	-	3,002,051
Interest on total pension liability ⁽¹⁾	10,444,249	-	10,444,249
Effect of economic/demographic gains or losses	(81,312)	-	(81,312)
Refund of contributions	(383,567)	(383,567)	-
Benefit payments	(6,534,531)	(6,534,531)	-
Administrative expenses	-	(78,908)	78,908
Member contributions	-	1,244,262	(1,244,262)
Net investment income	-	(8,329,383)	8,329,383
Employer contributions	-	2,970,676	(2,970,676)
Other ⁽²⁾	-	(266,678)	266,678
Balance at 12/31/2022	<u>\$ 144,264,871</u>	<u>\$ 134,652,061</u>	<u>\$ 9,612,810</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

In governmental activities, the net pension liability is typically liquidated by the General Fund.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
	Total pension liability	\$ 162,889,981	\$ 144,264,872
Fiduciary net position	<u>134,652,062</u>	<u>134,652,062</u>	<u>134,652,062</u>
Net pension liability/(asset)	<u>\$ 28,237,919</u>	<u>\$ 9,612,810</u>	<u>\$ (6,009,284)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the County recognized pension expense of \$3,396,925.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 397,493
Changes in actuarial assumptions	1,833,117	166,455
Difference between projected and actual investment earnings	2,340,881	-
Contributions subsequent to the measurement date	<u>2,202,588</u>	<u>-</u>
Total	<u>\$ 6,376,586</u>	<u>\$ 563,948</u>

\$2,202,588 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2024	\$ (239,913)
2025	(384,762)
2026	371,936
2027	3,862,789

L. Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The County provides certain health care benefits through a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Regular, fulltime employees are eligible to participate in the health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree’s age plus service equals 75. Spouses and dependents of eligible retirees are also eligible.

Benefits and Contributions. When a regular, fulltime employee retires they are eligible to continue to participate in the County’s group health insurance plan up until age 65. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases. As of January 1, 2020, the County ended the Medicare Supplement Plan for Post 65 Retirees.

Retirees are responsible for payment of premiums for any dependent coverage, and the County pays a portion of the retirees premiums. The County’s contributions to the OPEB for the year ended September 30, 2023, were \$442,815, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	32
Active members	<u>463</u>
Total	<u>495</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation rates	65% for eligible retirees
Discount rate	4.05% as of December 31, 2022

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.05% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022.

Changes in the Total OPEB Liability

The County’s total OPEB liability of \$7,077,885 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2021.

	Total OPEB Liability
Balance at 12/31/2021	\$ 8,033,515
Changes for the year:	
Service cost	745,500
Interest on the total liability	151,128
Difference between expected and actual experience	(68,708)
Changes in assumptions and other inputs	(1,397,973)
Benefit payments	(385,577)
	<u>(955,630)</u>
Balance at 12/31/2022	<u>\$ 7,077,885</u>

In the governmental activities, the total OPEB liability is typically liquidated by the General Fund.

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
County's total OPEB liability \$	7,676,637	\$ 7,077,885	\$ 6,533,907

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
County's total OPEB liability \$	6,274,266	\$ 7,077,885	\$ 8,034,717

OPEB Expense, Deferred Inflows of Resources, and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense \$442,815. At September 30, 2023, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 199,655	\$ 827,761
Changes in actuarial assumptions	612,813	3,741,745
Contributions subsequent to the measurement date	<u>340,242</u>	<u>-</u>
Total	<u>\$ 1,152,710</u>	<u>\$ 4,569,506</u>

\$340,242 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2024	\$ (453,812)
2025	(525,555)
2026	(562,898)
2027	(483,710)
2028	(565,029)
Thereafter	(1,166,034)

M. Stewardship, Compliance, and Accountability

As of year-end, the Detention Center Renovation had a deficit fund balance of \$1,247,160. The deficit in this fund will be eliminated as resources are obtained (e.g. from future revenues and transfers in).

N. Risk Management

The County provides medical and life insurance for its employees through Texas Association of Counties. The County pays an average of \$1,080 per month per participating employee for this coverage. The total cost to the County for providing medical and life insurance benefits for its employees for the year ended September 30, 2023, was \$5,948,026.

**REQUIRED
SUPPLEMENTARY INFORMATION**

GRAYSON COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 38,334,523	\$ 38,334,523	\$ 37,613,953	\$ (720,570)
Other	320,000	320,000	349,856	29,856
Penalty and interest on taxes	450,000	450,000	474,782	24,782
Licenses and permits	626,140	626,140	587,656	(38,484)
Intergovernmental revenue and grants	1,064,369	1,544,393	1,881,718	337,325
Charges for services	2,919,685	3,009,685	2,780,336	(229,349)
Forfeits	-	-	20,700	20,700
Vehicle registration fees	2,050,000	2,050,000	1,940,727	(109,273)
Investment earnings	302,500	1,002,500	974,665	(27,835)
Contributions and donations	205,000	205,000	205,000	-
Other revenue	81,800	250,800	106,586	(144,214)
Total revenues	46,354,017	47,793,041	46,935,979	(857,062)
EXPENDITURES				
Current:				
General government	10,815,754	10,917,236	9,574,760	1,342,476
Judicial	9,685,204	9,634,523	9,268,674	365,849
Elections	731,531	674,885	561,276	113,609
Public safety	22,363,511	22,238,646	21,582,090	656,556
Health and welfare	4,218,534	4,113,924	4,136,313	(22,389)
Culture and recreation	161,412	162,396	156,120	6,276
Conservation and development	669,603	604,603	580,436	24,167
Capital outlay	781,529	1,129,883	1,007,206	122,677
Debt service:				
Principal	-	57,131	140,612	(83,481)
Interest	-	2,050	-	2,050
Intergovernmental	207,370	207,370	207,033	337
Total expenditures	49,634,448	49,742,647	47,214,520	2,528,127
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,280,431)	(1,949,606)	(278,541)	1,671,065
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	150	50,150	57,764	7,614
Proceeds from insurance	5,000	569,528	572,558	3,030
Issuance of lease	-	-	432,226	432,226
Transfers out	(279,127)	(340,127)	(317,965)	22,162
Total other financing sources (uses)	(273,977)	279,551	744,583	465,032
NET CHANGE IN FUND BALANCES	(3,554,408)	(1,670,055)	466,042	2,136,097
FUND BALANCES, BEGINNING	15,334,120	15,334,120	15,334,120	-
FUND BALANCES, ENDING	\$ 11,779,712	\$ 13,664,065	\$ 15,800,162	\$ 2,136,097

GRAYSON COUNTY, TEXAS

ROAD AND BRIDGE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 6,264,000	\$ 6,264,000	\$ 6,294,504	\$ 30,504
Penalty and interest on taxes	56,000	56,000	68,032	12,032
Intergovernmental revenue and grants	144,000	144,000	200,352	56,352
Charges for services	319,000	428,645	907,157	478,512
Fines and fees	652,000	652,000	650,160	(1,840)
Vehicle registration fees	1,852,000	1,852,000	1,786,184	(65,816)
Investment earnings	40,000	40,000	204,118	164,118
Contributions and donations from private sources	-	-	66,000	66,000
Total revenues	<u>9,327,000</u>	<u>9,436,645</u>	<u>10,176,507</u>	<u>739,862</u>
EXPENDITURES				
Current:				
Highways and streets	9,353,835	9,510,684	8,325,107	1,185,577
Debt service:				
Principal	283,500	350,266	299,549	50,717
Interest	21,500	21,500	15,280	6,220
Capital outlay	495,000	984,744	922,958	61,786
Total expenditures	<u>10,153,835</u>	<u>10,867,194</u>	<u>9,562,894</u>	<u>1,304,300</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(826,835)</u>	<u>(1,430,549)</u>	<u>613,613</u>	<u>2,044,162</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	205,805	304,544	98,739
Proceeds from capital leases	-	382,765	382,765	-
Total other financing sources (uses)	<u>-</u>	<u>588,570</u>	<u>687,309</u>	<u>98,739</u>
NET CHANGE IN FUND BALANCES	(826,835)	(841,979)	1,300,922	2,142,901
FUND BALANCES, BEGINNING	<u>2,984,065</u>	<u>2,984,065</u>	<u>2,984,065</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,157,230</u>	<u>\$ 2,142,086</u>	<u>\$ 4,284,987</u>	<u>\$ 2,142,901</u>

GRAYSON COUNTY, TEXAS

AMERICAN RESCUE PLAN FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenue and grants	\$ 13,858,823	\$ 5,000,000	\$ 1,139,924	\$ (3,860,076)
Investment earnings	<u>60,000</u>	<u>227,494</u>	<u>538,453</u>	<u>310,959</u>
Total revenues	<u>13,918,823</u>	<u>5,227,494</u>	<u>1,678,377</u>	<u>(3,549,117)</u>
EXPENDITURES				
Current:				
Health and welfare	<u>15,991,863</u>	<u>5,000,000</u>	<u>1,139,924</u>	<u>3,860,076</u>
Total expenditures	<u>15,991,863</u>	<u>5,000,000</u>	<u>1,139,924</u>	<u>3,860,076</u>
NET CHANGE IN FUND BALANCES	(2,073,040)	227,494	538,453	310,959
FUND BALANCES, BEGINNING	<u>145,425</u>	<u>145,425</u>	<u>145,425</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (1,927,615)</u>	<u>\$ 372,919</u>	<u>\$ 683,878</u>	<u>\$ 310,959</u>

GRAYSON COUNTY, TEXAS

STATE HIGHWAY 289 BONDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 15,000	\$ 13,500	\$ 11,465	\$ (2,035)
Penalty and interest on taxes	13,000	13,000	16,872	3,872
Intergovernmental revenue	5,281,625	5,281,625	5,281,625	-
Investment earnings	2,500	3,500	4,518	1,018
Total revenues	5,312,125	5,311,625	5,314,480	2,855
EXPENDITURES				
Current:				
General government	1,500	500	500	-
Debt service:				
Principal	4,690,000	4,690,000	4,690,000	-
Interest	689,700	689,700	689,700	-
Total expenditures	5,381,200	5,380,200	5,380,200	-
NET CHANGE IN FUND BALANCES	(69,075)	(68,575)	(65,720)	2,855
FUND BALANCES, BEGINNING	89,336	89,336	89,336	-
FUND BALANCES, ENDING	\$ 20,261	\$ 20,761	\$ 23,616	\$ 2,855

GRAYSON COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	2014*	2015*	2016*	2017*
Total Pension Liability				
Service Cost	\$ 2,651,442	\$ 2,812,706	\$ 2,920,162	\$ 2,769,019
Interest total pension liability	7,044,733	7,444,413	7,877,970	8,452,415
Effect of plan changes	-	(331,368)	-	-
Effect of assumption changes or inputs	-	1,058,384	-	343,041
Effect of economic/demographic (gains) or losses	(610,971)	(350,420)	218,285	235,453
Benefit payments/refunds of contributions	<u>(4,309,127)</u>	<u>(4,874,600)</u>	<u>(5,084,308)</u>	<u>(5,446,489)</u>
Net change in total pension liability	4,776,077	5,759,115	5,932,109	6,353,439
Total pension liability - beginning	<u>87,784,707</u>	<u>92,560,784</u>	<u>98,319,898</u>	<u>104,252,007</u>
Total pension liability - ending (a)	<u>\$ 92,560,784</u>	<u>\$ 98,319,899</u>	<u>\$ 104,252,007</u>	<u>\$ 110,605,446</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 2,265,784	\$ 2,349,245	\$ 3,354,334	\$ 2,520,674
Member contributions	937,681	999,880	1,028,098	1,094,756
Investment income net of investment expenses	5,785,996	(555,507)	6,519,998	13,644,646
Benefit payments refunds of contributions	(4,309,127)	(4,874,600)	(5,084,308)	(5,446,489)
Administrative expenses	(67,710)	(64,158)	(70,878)	(70,094)
Other	<u>59,132</u>	<u>96,242</u>	<u>(240,182)</u>	<u>(25,199)</u>
Net change in plan fiduciary net position	4,671,756	(2,048,898)	5,507,062	11,718,294
Plan fiduciary net position - beginning	<u>85,550,677</u>	<u>90,222,433</u>	<u>88,173,535</u>	<u>93,680,597</u>
Plan fiduciary net position - ending (b)	<u>\$ 90,222,433</u>	<u>\$ 88,173,535</u>	<u>\$ 93,680,597</u>	<u>\$ 105,398,891</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,338,351</u>	<u>\$ 10,146,364</u>	<u>\$ 10,571,410</u>	<u>\$ 5,206,555</u>
Fiduciary net position as a percentage of total pension liability	97.47%	89.68%	89.86%	95.29%
Pensionable covered payroll	\$ 23,382,785	\$ 24,859,799	\$ 25,702,459	\$ 27,368,906
Net pension liability as a percentage of covered payroll	10.00%	40.81%	41.13%	19.02%

* 2.71% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

2018*	2019*	2020*	2021*	2022*
\$ 2,813,009	\$ 2,835,669	\$ 2,860,164	\$ 3,286,514	\$ 3,085,673
8,958,765	9,420,625	9,878,888	10,320,485	10,735,172
-	-	-	-	-
-	-	7,536,710	(342,186)	-
(122,516)	(205,384)	(122,069)	(630,728)	(83,577)
<u>(5,744,669)</u>	<u>(6,204,175)</u>	<u>(6,639,973)</u>	<u>(6,847,691)</u>	<u>(7,110,800)</u>
5,904,589	5,846,735	13,513,720	5,786,394	6,626,468
<u>110,605,446</u>	<u>116,510,034</u>	<u>122,356,769</u>	<u>135,870,489</u>	<u>141,656,883</u>
<u>\$116,510,035</u>	<u>\$122,356,769</u>	<u>\$135,870,489</u>	<u>\$141,656,883</u>	<u>\$148,283,351</u>
\$ 2,770,458	\$ 2,889,323	\$ 3,185,109	\$ 3,026,432	\$ 3,053,424
1,160,403	1,215,280	1,277,875	1,235,277	1,278,921
(1,984,875)	16,650,324	11,967,068	27,275,205	(8,561,397)
(5,744,669)	(6,204,175)	(6,639,973)	(6,847,691)	(7,110,800)
(81,427)	(88,307)	(91,851)	(81,204)	(81,107)
<u>(140,782)</u>	<u>42,820</u>	<u>(53,062)</u>	<u>(38,608)</u>	<u>(274,105)</u>
(4,020,892)	14,505,265	9,645,166	24,569,411	(11,695,064)
<u>105,398,891</u>	<u>101,377,999</u>	<u>115,883,264</u>	<u>125,528,430</u>	<u>150,097,841</u>
<u>\$101,377,999</u>	<u>\$115,883,264</u>	<u>\$125,528,430</u>	<u>\$150,097,841</u>	<u>\$138,402,777</u>
<u>\$ 15,132,036</u>	<u>\$ 6,473,505</u>	<u>\$ 10,342,059</u>	<u>\$ (8,440,958)</u>	<u>\$ 9,880,574</u>
87.01%	94.71%	92.39%	105.96%	93.34%
\$ 29,010,078	\$ 30,382,004	\$ 31,946,872	\$ 30,881,924	\$ 31,973,028
52.16%	21.31%	32.37%	-27.33%	30.90%

GRAYSON COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2014	\$ 2,265,784	\$ 2,265,784	\$ -	\$ 23,382,785	9.7%
2015	2,349,245	2,349,245	-	24,859,799	9.4%
2016	2,354,334	3,354,334	(1,000,000)	25,702,459	13.1%
2017	3,489,157	3,489,157	-	27,368,906	12.7%
2018	2,703,028	2,703,028	-	29,010,078	9.3%
2019	2,860,986	2,860,986	-	30,055,152	9.5%
2020	3,037,653	3,037,653	-	30,799,138	9.9%
2021	3,023,847	3,023,847	-	31,946,872	9.5%
2022	3,028,212	3,028,212	-	31,486,586	9.6%
2023	3,121,862	3,121,862	-	33,944,227	9.20%

(1) Payroll is calculated based on contributions as reported to TCDRS.

2.71% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2022: No changes in plan provisions were reflected in the Schedule.

GRAYSON COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - RETIREE HEALTH INSURANCE PLAN
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	2017*	2018*	2019*	2020*
Total OPEB Liability (asset)				
Service cost	\$ 1,104,072	\$ 1,270,188	\$ 1,246,694	\$ 675,314
Interest on total OPEB liability	690,651	687,213	780,079	283,652
Changes of benefit terms	-	-	(11,946,495)	-
Changes of assumptions	1,330,471	(1,141,228)	(430,258)	626,606
Difference between expected and actual experience of the total OPEB liability	-	13,634	432,741	(15,707)
Benefit payments	<u>(585,170)</u>	<u>(562,525)</u>	<u>(544,312)</u>	<u>(473,329)</u>
Net change in total OPEB liability	2,540,024	267,282	(10,461,551)	1,096,536
Total OPEB liability - beginning	<u>17,867,881</u>	<u>20,407,905</u>	<u>20,675,187</u>	<u>10,213,636</u>
Total OPEB liability - ending	<u>\$ 20,407,905</u>	<u>\$ 20,675,187</u>	<u>\$ 10,213,636</u>	<u>\$ 11,310,172</u>
Covered-employee payroll	\$ 24,708,243	\$ 27,363,942	\$ 28,292,954	\$ 27,780,623
Total OPEB liability (asset) as a percentage of covered-employee payroll	82.60%	75.56%	36.10%	40.71%

* 3.24% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

<u>2021*</u>	<u>2022*</u>
\$ 792,288	\$ 770,463
229,724	156,188
-	-
(2,582,742)	(1,444,784)
(1,006,716)	(71,009)
(440,209)	(398,488)
(3,007,655)	(987,630)
<u>11,310,172</u>	<u>8,302,517</u>
\$ <u>8,302,517</u>	\$ <u>7,314,887</u>
\$ 27,062,517	\$ 28,244,805
30.68%	25.90%

GRAYSON COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

A. BUDGETARY INFORMATION

The County adopts annual appropriated budgets for the General Fund, some Special Revenue Funds and the Debt Service Fund on the modified accrual basis of accounting. Project length budgets are adopted for Capital Projects Funds and amended on an annual basis to reflect the uncompleted portion of the projects.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- During July, the County Judge submits to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Each fund is budgeted on an annual basis with no carryovers into the next year. If a fund has a balance at the end of the year, the balance is included in the computation of available cash for next year's budget.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted.
- The County Auditor is required to monitor the expenditures of the various funds. The budget is controlled on a departmental object class basis. Expenditures can be reallocated within a departmental object class at any time by Commissioners' Court order, but the budget must be formally amended to allow the original level of budgeted expenditures within a fund to be exceeded. All amendments to the budget must be approved by the Commissioners' Court.

The Commissioners' Court approves budget amendments proposed by the County Judge throughout and subsequent to the fiscal year. These amendments are routinely approved, and the current year budgetary data presented includes all approved budget amendments. Budgetary amendments are integrated after the fiscal year-end due to the normal year-end closing procedures and adjustments which are discovered during that period. Budget amendments are necessary at that time to comply with Chapter 111, Local Government Code of the State of Texas, which states that funds may be spent only for items or categories of items that are included in the adopted budget. The County has chosen to adopt the budget at the department object class level, since this allows budgetary control, but is still meaningful to the Commissioners' Court and the citizens of the County. All annual appropriations lapse at the end of each fiscal year, in accordance with state law.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Health Fund – This fund is used to account for programs operated by the Grayson County Health Department, including grant-funded programs through the Texas Department of State Health Services. Programs include: Family Planning, Wellness, Preventive Health Block Grant, Women, Infants and Children (WIC), Environmental Health, Tuberculosis Control, Public Health Preparedness, Immunizations, Communicable Diseases, and COVID Vaccination Capacity Grant.

Juvenile Boot Camp Fund – This fund accounts for the revenues and expenditures incurred in the operation of the Juvenile Boot Camp (Post-Adjudication facility).

Juvenile Drug Court Fund – This fund accounts for the revenues and expenses of the Grayson County Juvenile Drug Court Program. Grant funding is provided by the Office of Justice Programs and cash match is provided by the County.

Juvenile Case Manager Fee Fund – This fund accounts for fees collected to finance services in management involving juvenile offenders.

Holiday Lights Fund – The startup funding for this program was provided by local granting agencies to establish a holiday lights display at Loy Park. Annually, the event is held from Thanksgiving until Christmas, with donations being accepted to continue and improve the displays, and to provide security at the park during display.

Tax Assessor-Collector Special Inventory Tax Fund – These funds account for interest and penalties earned in the operation of the special inventory tax function of the Tax Assessor-Collector's office. Tax code specifies that the collector shall retain interest and penalties generated by the special inventory function. Interest should defray the cost of the administration of the payment process, and the \$500 penalty forfeited for taxpayers' failure to file or file timely are appropriated only to the collector for operations as needed.

Court Security Fund – This fund accounts for fees collected by district, county, and justice courts for the purpose of providing security to county buildings which house the respective courts.

Court Technology Fund – This fund is to account for fees collected by district, county, and justice courts for enhancement of technology and computer services in the respective courts.

County Clerk Records Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official documents and records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for records management and preservation.

County Clerk Vital Statistics Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for vital statistics.

District Clerk Records Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official District court documents and records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the District Courts for records management and preservation.

County Records Management Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County and District Clerks for records management.

Historical Commission Fund – This fund accounts for receipts received from Grayson County and other donations. Expenditures are for historical activities in Grayson County. Historical markers are the prime activities.

Court Fees Fund – This fund accounts for revenues collected on civil and criminal cases that must be used by the county for designated purposes. Purposes include court reporting, language accessibility, facilities, law library, dispute resolution services, and specialty court programs. Grayson County specialty court programs include Drug Court, Juvenile Drug Court, and Veterans Court.

CSCD Drug Court Fund – This fund accounts for fees and donations received to support the Drug Court program. Fees received are to be used for expenses and incentive awards to participants in the program.

CSCD Bond Supervision Fund – This fund is used to account for revenues paid by defendants in cases prior to court hearings. The fees will be used to operate a program of monitoring defendants who have been charged, but whose cases are not yet adjudicated.

Veterans Court Fund – This fund accounts for receipts for the Veterans Treatment Court Program established under Government Code 124. Receipts consist of program participant fees and donations.

District Attorney Special Revenue Fund – This fund accounts for revenues collected by the County under the various statutes. Expenditures from this fund shall be at the discretion of the District Attorney and may be used only to defray the salaries and expenses of the prosecutor's office, and related programs. Fund includes Pretrial Intervention, Bad Check, Forfeitures, and State Supplemental Salary Programs.

District Attorney Grants Fund – This fund accounts for grant funds received by the District Attorney under the various statutes. Expenditures from this fund shall be at the discretion of the District Attorney and may be used only in accordance with the grant award as each program designates.

Sheriff Grants Fund – This fund accounts for grant funds received by the Sheriff's office from various sources. Expenditures from this fund shall be in accordance with the grant award for law enforcement purposes as designated.

Sheriff Forfeiture Fund – This fund is used to account for receipts of forfeited funds and properties, as enabled by Chapter 59 in the Code of Criminal Procedure, and the Federal Equitable Sharing forfeiture program. Resources may be used for law enforcement purposes as each program designates.

Jail Commissary Fund – This fund accounts for cash receipts received for jail commissary proceeds. Expenditures are restricted to benefits for the County jail at the discretion of the County Sheriff.

Interlocal Emergency Management Fund – This fund is to support inter-jurisdictional emergency management and disaster relief services between the County of Grayson and the Cities of Denison and Sherman, Texas, including without limitation, planning, recovery, public education and information, citizen preparedness, training, organizational development and operational support.

Law Enforcement Education Fund – This fund is used to account for funds provided by the state to peace officers to be used for continuing education purposes.

Time Payment Fee Fund – This fund is used to account for revenue generated by local fees that are used to promote efficiencies in those County departments that accept payments of fines.

Election Services Fund – The Texas Election Code requires that fees earned for the purposes of administering elections for political parties or other public entities be accounted for separately. The funds can be used to reimburse the County for costs incurred in administering these elections and to defray expenses of the county election officer's office in connection with election-related duties.

Metropolitan Planning Organization Fund – In 2012, the County became the fiscal agent for the Metropolitan Planning Organization, serving Grayson County. The funding received is federal, originating with the U.S. Department of Transportation, Federal Transit Administration. The County's responsibility is to process payroll, provide accounts payable support, and submit quarterly reimbursement requests.

Juvenile Justice Alternative Education Program (JJAEP) Fund – In August 2023, the County opened this alternative school required by Texas Statutes.

DEBT SERVICE FUND

2018 Bonds Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and costs related to the Certificate of Obligation, Series 2018.

CAPITAL PROJECTS FUNDS

The **Capital Projects Fund** accounts for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Permanent Improvements Fund – This fund is used to account for the cost of improvements to buildings and sidewalks, etc. Financing is provided by tax assessments.

Lateral Road Fund – This fund is used to account for capital expenditures for road and bridge precincts from resources provided by the State of Texas for that purpose.

Right-of-Way Acquisition Fund – This fund is used to account for the proceeds and costs of acquiring state right-of-way and purposes determined by commissioners court.

Detention Center Renovation – This fund is used to finance the Post Adjudication Construction fund for the detention center renovation.

PERMANENT FUND

Texoma Succeeding Generations Trust Fund – This fund is used to account for the assets of this trust held by the County as trustee for the benefit of the citizens of the County. The principal and accumulated earnings are to be retained by the trustee for 150 years (until 2112), at which time the accumulated monies are to be used to purchase or construct a facility within the County to be used for the cultural benefit of the citizens.

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue				
	Public Health	Juvenile Boot Camp	Juvenile Drug Court	Juvenile Case Manager Fees	Holiday Lights
ASSETS					
Cash and investments	\$ 567,010	\$ 836,275	\$ -	\$ 55,025	\$ 261,518
Taxes receivable	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	12,950	1,755,417	-	-	-
Intergovernmental receivables	387,005	44,359	35,834	-	-
Prepaid expenses	-	33,781	-	-	-
Total assets	<u>966,965</u>	<u>2,669,832</u>	<u>35,834</u>	<u>55,025</u>	<u>261,518</u>
LIABILITIES					
Accounts payable	21,321	46,521	1,322	-	230
Accrued wages payable	61,889	103,332	2,429	-	-
Due to other funds	-	-	16,848	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>83,210</u>	<u>149,853</u>	<u>20,599</u>	<u>-</u>	<u>230</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Leases	-	1,239,869	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,239,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted for:					
Public health	883,755	-	-	-	-
Juvenile services	-	1,280,110	15,235	55,025	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	-	-	261,288
Court security and technology	-	-	-	-	-
Tax assessor-collector operations	-	-	-	-	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	-	-	-	-	-
Debt service	-	-	-	-	-
Road and bridge	-	-	-	-	-
Capital projects	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>883,755</u>	<u>1,280,110</u>	<u>15,235</u>	<u>55,025</u>	<u>261,288</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 966,965</u>	<u>\$ 2,669,832</u>	<u>\$ 35,834</u>	<u>\$ 55,025</u>	<u>\$ 261,518</u>

Special Revenue

Tax A/C S-I-T Penalty	Court Security	Court Technology	County Clerk Records	County Clerk Vital Statistics	District Clerk Records	County Records Management	Historical Commission
\$ 52,888	\$ 90,039	\$ 20,358	\$ 1,474,454	\$ 51,413	\$ 168,379	\$ 202,325	\$ 11,358
-	-	-	-	-	-	-	-
-	8,236	4,023	-	-	-	19,573	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>52,888</u>	<u>98,275</u>	<u>24,381</u>	<u>1,474,454</u>	<u>51,413</u>	<u>168,379</u>	<u>221,898</u>	<u>11,358</u>
-	17,471	1,055	20,288	-	172	488	-
-	-	-	6,440	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>17,471</u>	<u>1,055</u>	<u>26,728</u>	<u>-</u>	<u>172</u>	<u>488</u>	<u>-</u>
-	8,236	4,023	-	-	-	19,573	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>8,236</u>	<u>4,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,573</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,447,726	51,413	168,207	201,837	-
-	-	-	-	-	-	-	-
-	72,568	19,303	-	-	-	-	-
52,888	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,358
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>52,888</u>	<u>72,568</u>	<u>19,303</u>	<u>1,447,726</u>	<u>51,413</u>	<u>168,207</u>	<u>201,837</u>	<u>11,358</u>
<u>\$ 52,888</u>	<u>\$ 98,275</u>	<u>\$ 24,381</u>	<u>\$ 1,474,454</u>	<u>\$ 51,413</u>	<u>\$ 168,379</u>	<u>\$ 221,898</u>	<u>\$ 11,358</u>

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue				
	Court Fee Funds	CSCD Drug Court	CSCD Bond Supervision	Veterans Court	District Attorney Special Revenue
ASSETS					
Cash and investments	\$ 356,823	\$ 140,250	\$ 287,766	\$ 42,021	\$ 134,876
Taxes receivable	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	25,560	134	-	-	-
Intergovernmental receivables	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>382,383</u>	<u>140,384</u>	<u>287,766</u>	<u>42,021</u>	<u>134,876</u>
LIABILITIES					
Accounts payable	842	990	1,253	1,233	1,000
Accrued wages payable	-	-	3,698	-	1,747
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	5,625
Advance from other funds	-	-	-	-	-
Total liabilities	<u>842</u>	<u>990</u>	<u>4,951</u>	<u>1,233</u>	<u>8,372</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines	25,560	134	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Leases	-	-	-	-	-
Total deferred inflows of resources	<u>25,560</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted for:					
Public health	-	-	-	-	-
Juvenile services	-	-	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	-	-	-
Court security and technology	-	-	-	-	-
Tax assessor-collector operations	-	-	-	-	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	126,504
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	355,981	139,260	282,815	40,788	-
Debt service	-	-	-	-	-
Road and bridge	-	-	-	-	-
Capital projects	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>355,981</u>	<u>139,260</u>	<u>282,815</u>	<u>40,788</u>	<u>126,504</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 382,383</u>	<u>\$ 140,384</u>	<u>\$ 287,766</u>	<u>\$ 42,021</u>	<u>\$ 134,876</u>

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue		Total Nonmajor Special Revenue Funds	Debt Service
	Metropolitan Planning Organization	JJAEP		2018 Bonds Debt Service Fund
ASSETS				
Cash and investments	\$ -	\$ 6,006	\$ 5,833,363	\$ 836,721
Taxes receivable	-	-	-	44,932
Receivables (net of allowance for uncollectibles)	-	144	1,854,807	-
Intergovernmental receivables	92,796	-	573,700	-
Prepaid expenses	-	-	33,781	-
Total assets	<u>92,796</u>	<u>6,150</u>	<u>8,295,651</u>	<u>881,653</u>
LIABILITIES				
Accounts payable	29,923	1,565	163,832	-
Accrued wages payable	-	4,585	193,215	-
Due to other funds	62,873	-	88,161	-
Unearned revenue	-	-	5,625	-
Advance from other funds	-	-	-	-
Total liabilities	<u>92,796</u>	<u>6,150</u>	<u>450,833</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - court fines	-	-	57,526	-
Unavailable revenue - property taxes	-	-	-	40,629
Leases	-	-	1,239,869	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,297,395</u>	<u>40,629</u>
FUND BALANCE				
Restricted for:				
Public health	-	-	883,755	-
Juvenile services	-	-	1,350,370	-
Election administration	-	-	114,755	-
Emergency management	-	-	174,956	-
Records management	-	-	1,869,183	-
Holiday lights	-	-	261,288	-
Court security and technology	-	-	91,871	-
Tax assessor-collector operations	-	-	52,888	-
Historical commission	-	-	11,358	-
District attorney operations	-	-	126,504	-
Law enforcement	-	-	178,221	-
Inmate welfare	-	-	586,200	-
Court management	-	-	846,074	-
Debt service	-	-	-	841,024
Road and bridge	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>6,547,423</u>	<u>841,024</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,796</u>	<u>\$ 6,150</u>	<u>\$ 8,295,651</u>	<u>\$ 881,653</u>

Capital Projects					Permanent Fund	Total Nonmajor Governmental Funds
Permanent Improvements	Lateral Road	Right-of-Way Acquisition	Detention Center Renovation	Total Nonmajor Capital Projects Funds	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 514,027	\$ 335,709	\$ 3,712,045	\$ -	\$ 4,561,781	\$ 77,950	\$ 11,309,815
3,393	-	-	-	3,393	-	48,325
-	-	-	-	-	-	1,854,807
-	-	-	-	-	-	573,700
-	-	-	-	-	-	33,781
<u>517,420</u>	<u>335,709</u>	<u>3,712,045</u>	<u>-</u>	<u>4,565,174</u>	<u>77,950</u>	<u>13,820,428</u>
-	-	-	-	-	-	163,832
-	-	-	-	-	-	193,215
-	-	-	-	-	-	88,161
-	-	-	-	-	-	5,625
-	-	-	1,247,160	1,247,160	-	1,247,160
-	-	-	<u>1,247,160</u>	<u>1,247,160</u>	<u>-</u>	<u>1,697,993</u>
-	-	-	-	-	-	57,526
3,070	-	-	-	3,070	-	43,699
-	-	-	-	-	-	1,239,869
<u>3,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,070</u>	<u>-</u>	<u>1,341,094</u>
-	-	-	-	-	-	883,755
-	-	-	-	-	-	1,350,370
-	-	-	-	-	-	114,755
-	-	-	-	-	-	174,956
-	-	-	-	-	-	1,869,183
-	-	-	-	-	-	261,288
-	-	-	-	-	-	91,871
-	-	-	-	-	-	52,888
-	-	-	-	-	-	11,358
-	-	-	-	-	-	126,504
-	-	-	-	-	-	178,221
-	-	-	-	-	-	586,200
-	-	-	-	-	-	846,074
-	-	-	-	-	-	841,024
-	335,709	-	-	335,709	-	335,709
514,350	-	3,712,045	-	4,226,395	-	4,226,395
-	-	-	-	-	77,950	77,950
-	-	-	(1,247,160)	(1,247,160)	-	(1,247,160)
<u>514,350</u>	<u>335,709</u>	<u>3,712,045</u>	<u>(1,247,160)</u>	<u>3,314,944</u>	<u>77,950</u>	<u>10,781,341</u>
\$ <u>517,420</u>	\$ <u>335,709</u>	\$ <u>3,712,045</u>	\$ <u>-</u>	\$ <u>4,565,174</u>	\$ <u>77,950</u>	\$ <u>13,820,428</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue				
	Public Health	Juvenile Boot Camp	Juvenile Drug Court	Juvenile Case Manager Fees	Holiday Lights
REVENUES					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-	-
Licenses and permits	351,277	-	-	-	-
Intergovernmental revenue and grants	1,443,971	249,223	126,687	-	-
Charges for services	53,023	4,228,104	-	-	-
Fines	-	-	-	10,791	-
Forfeits	-	-	-	-	-
Investment earnings	25,871	32,651	244	1,780	9,110
Contributions and donations	101,059	-	-	-	94,668
Other	-	-	-	-	-
Total revenues	<u>1,975,201</u>	<u>4,509,978</u>	<u>126,931</u>	<u>12,571</u>	<u>103,778</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	-	-	171,787	-	-
Public safety	79,035	3,562,064	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	2,037,469	-	-	-	-
Culture and recreation	-	-	-	-	65,043
Debt service:					
Principal	3,917	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	122,510	-	-	-
Intergovernmental	-	-	-	-	-
Total expenditures	<u>2,120,421</u>	<u>3,684,574</u>	<u>171,787</u>	<u>-</u>	<u>65,043</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(145,220)</u>	<u>825,404</u>	<u>(44,856)</u>	<u>12,571</u>	<u>38,735</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	375	-	-	-
Insurance recoveries	21,291	-	-	-	3,890
Issuance of financed purchase	-	-	-	-	-
Transfers in	37,277	-	52,961	-	-
Transfers out	-	(72,225)	-	-	-
Total other financing sources (uses)	<u>58,568</u>	<u>(71,850)</u>	<u>52,961</u>	<u>-</u>	<u>3,890</u>
NET CHANGE IN FUND BALANCE	(86,652)	753,554	8,105	12,571	42,625
FUND BALANCE, BEGINNING	<u>970,407</u>	<u>526,556</u>	<u>7,130</u>	<u>42,454</u>	<u>218,663</u>
FUND BALANCE, ENDING	<u>\$ 883,755</u>	<u>\$ 1,280,110</u>	<u>\$ 15,235</u>	<u>\$ 55,025</u>	<u>\$ 261,288</u>

Special Revenue

Tax A/C S-I-T Penalty	Court Security	Court Technology	County Clerk Records	County Clerk Vital Statistics	District Clerk Records	County Records Management	Historical Commission
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	117,913	14,629	379,321	9,252	105,510	36,600	-
18,683	-	-	-	-	-	-	-
-	3,024	855	50,375	1,744	4,352	6,860	405
-	-	-	-	-	-	-	-
-	340	-	-	-	-	-	-
<u>20,363</u>	<u>121,277</u>	<u>15,484</u>	<u>429,696</u>	<u>10,996</u>	<u>109,862</u>	<u>43,460</u>	<u>405</u>
2,174	124,928	-	281,931	3,944	32,386	16,218	-
-	-	-	-	-	-	-	-
-	-	18,034	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,043	-	-	-	-	-	-
-	521	-	-	-	-	-	-
-	23,575	-	12,082	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,174</u>	<u>152,067</u>	<u>18,034</u>	<u>294,013</u>	<u>3,944</u>	<u>32,386</u>	<u>16,218</u>	<u>-</u>
<u>18,189</u>	<u>(30,790)</u>	<u>(2,550)</u>	<u>135,683</u>	<u>7,052</u>	<u>77,476</u>	<u>27,242</u>	<u>405</u>
-	-	-	-	-	-	-	-
-	23,575	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>23,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,189	(7,215)	(2,550)	135,683	7,052	77,476	27,242	405
<u>34,699</u>	<u>79,783</u>	<u>21,853</u>	<u>1,312,043</u>	<u>44,361</u>	<u>90,731</u>	<u>174,595</u>	<u>10,953</u>
<u>\$ 52,888</u>	<u>\$ 72,568</u>	<u>\$ 19,303</u>	<u>\$ 1,447,726</u>	<u>\$ 51,413</u>	<u>\$ 168,207</u>	<u>\$ 201,837</u>	<u>\$ 11,358</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue				
	Court Fee Funds	CSCD Drug Court	CSCD Bond Supervision	Veteran's Court	District Attorney Special Revenue
REVENUES					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue and grants	-	-	-	-	22,500
Charges for services	364,378	1,445	149,358	1,375	5,944
Fines	-	-	-	-	3,771
Forfeits	-	-	-	-	26,771
Investment earnings	2,187	4,810	9,851	1,207	4,445
Contributions and donations	-	-	-	3,400	-
Other	-	-	450	-	-
Total revenues	<u>366,565</u>	<u>6,255</u>	<u>159,659</u>	<u>5,982</u>	<u>63,431</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	262,454	13,891	-	5,870	62,484
Public safety	-	-	126,267	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Intergovernmental	-	-	-	-	7,765
Total expenditures	<u>262,454</u>	<u>13,891</u>	<u>126,267</u>	<u>5,870</u>	<u>70,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>104,111</u>	<u>(7,636)</u>	<u>33,392</u>	<u>112</u>	<u>(6,818)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	-
Insurance recoveries	-	-	-	-	6,668
Issuance of financed purchase	-	-	-	-	-
Transfers in	-	10,151	-	6,671	-
Transfers out	<u>(27,554)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(27,554)</u>	<u>10,151</u>	<u>-</u>	<u>6,671</u>	<u>6,668</u>
NET CHANGE IN FUND BALANCE	76,557	2,515	33,392	6,783	(150)
FUND BALANCE, BEGINNING	<u>279,424</u>	<u>136,745</u>	<u>249,423</u>	<u>34,005</u>	<u>126,654</u>
FUND BALANCE, ENDING	<u>\$ 355,981</u>	<u>\$ 139,260</u>	<u>\$ 282,815</u>	<u>\$ 40,788</u>	<u>\$ 126,504</u>

Special Revenue

District Attorney Grants	Sheriff Grants	Sheriff Forfeiture	Jail Commissary	Interlocal Emergency Management	Law Enforcement Education	Time Payment Fee	Elections Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
36,304	29,403	-	-	92,406	9,429	368	47,521
-	-	-	331,300	-	-	-	-
-	-	-	-	-	-	-	-
-	-	36,406	-	-	-	-	-
-	-	2,083	20,553	-	-	-	262
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>36,304</u>	<u>29,403</u>	<u>38,489</u>	<u>351,853</u>	<u>92,406</u>	<u>9,429</u>	<u>368</u>	<u>47,783</u>
-	-	-	-	-	-	21,184	-
-	-	-	-	-	-	-	36,707
162,965	-	-	-	-	-	6,840	-
-	29,403	22,945	136,605	100,675	16,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	24,275	161,535	-	-	-	-
-	-	5,000	-	-	-	-	-
<u>162,965</u>	<u>29,403</u>	<u>52,220</u>	<u>298,140</u>	<u>100,675</u>	<u>16,000</u>	<u>28,024</u>	<u>36,707</u>
<u>(126,661)</u>	<u>-</u>	<u>(13,731)</u>	<u>53,713</u>	<u>(8,269)</u>	<u>(6,571)</u>	<u>(27,656)</u>	<u>11,076</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
126,620	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>126,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(41)	-	(13,731)	53,713	(8,269)	(6,571)	(27,656)	11,076
<u>41</u>	<u>-</u>	<u>149,708</u>	<u>532,487</u>	<u>183,225</u>	<u>48,815</u>	<u>54,886</u>	<u>103,679</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,977</u>	<u>\$ 586,200</u>	<u>\$ 174,956</u>	<u>\$ 42,244</u>	<u>\$ 27,230</u>	<u>\$ 114,755</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue		Total Nonmajor Special Revenue Funds	Debt Service
	Metropolitan Planning Organization	JJAEP		2018 Bonds Debt Service Fund
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 1,344,124
Penalty and interest on taxes	-	-	-	-
Licenses and permits	-	-	351,277	-
Intergovernmental revenue and grants	148,414	-	2,206,226	-
Charges for services	-	144	5,798,296	-
Fines	-	-	33,245	-
Forfeits	-	-	63,177	-
Investment earnings	-	-	184,349	48,371
Contributions and donations	-	-	199,127	-
Other	-	-	790	-
Total revenues	<u>148,414</u>	<u>144</u>	<u>8,836,487</u>	<u>1,392,495</u>
EXPENDITURES				
Current:				
General government	-	-	482,765	750
Elections	-	-	36,707	-
Judicial	-	-	704,325	-
Public safety	-	111,983	4,184,977	-
Highways and streets	148,414	-	148,414	-
Health and welfare	-	-	2,037,469	-
Culture and recreation	-	-	65,043	-
Debt service:				
Principal	-	-	6,960	905,000
Interest	-	-	521	240,000
Capital outlay	-	-	343,977	-
Intergovernmental	-	-	12,765	-
Total expenditures	<u>148,414</u>	<u>111,983</u>	<u>8,023,923</u>	<u>1,145,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(111,839)</u>	<u>812,564</u>	<u>246,745</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	375	-
Insurance recoveries	-	-	31,849	-
Issuance of financed purchase	-	-	23,575	-
Transfers in	-	111,839	345,519	-
Transfers out	-	-	(99,779)	-
Total other financing sources (uses)	<u>-</u>	<u>111,839</u>	<u>301,539</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	1,114,103	246,745
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>5,433,320</u>	<u>594,279</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,547,423</u>	<u>\$ 841,024</u>

Capital Projects					Permanent Fund	Total Nonmajor Governmental Funds
Permanent Improvements	Lateral Road	Right-of-Way Acquisition	Detention Center Renovation	Total Nonmajor Capital Projects Funds	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 101,827	\$ -	\$ -	\$ -	\$ 101,827	\$ -	\$ 1,445,951
1,290	-	-	-	1,290	-	1,290
-	-	-	-	-	-	351,277
-	70,040	-	-	70,040	-	2,276,266
-	-	-	-	-	-	5,798,296
-	-	-	-	-	-	33,245
-	-	-	-	-	-	63,177
20,667	11,916	138,666	-	171,249	2,778	406,747
-	-	-	-	-	-	199,127
-	-	6,000	-	6,000	-	6,790
<u>123,784</u>	<u>81,956</u>	<u>144,666</u>	<u>-</u>	<u>350,406</u>	<u>2,778</u>	<u>10,582,166</u>
38,717	-	-	-	38,717	-	522,232
-	-	-	-	-	-	36,707
-	-	-	-	-	-	704,325
-	-	-	-	-	-	4,184,977
-	-	982,043	-	982,043	-	1,130,457
-	-	-	-	-	-	2,037,469
-	-	-	-	-	-	65,043
-	-	-	-	-	-	911,960
-	-	-	-	-	-	240,521
98,452	-	-	-	98,452	-	442,429
-	-	-	-	-	-	12,765
<u>137,169</u>	<u>-</u>	<u>982,043</u>	<u>-</u>	<u>1,119,212</u>	<u>-</u>	<u>10,288,885</u>
<u>(13,385)</u>	<u>81,956</u>	<u>(837,377)</u>	<u>-</u>	<u>(768,806)</u>	<u>2,778</u>	<u>293,281</u>
-	-	-	-	-	-	375
-	-	-	-	-	-	31,849
-	-	-	-	-	-	23,575
-	-	-	72,225	72,225	-	417,744
-	-	-	-	-	-	(99,779)
-	-	-	<u>72,225</u>	<u>72,225</u>	<u>-</u>	<u>373,764</u>
(13,385)	81,956	(837,377)	72,225	(696,581)	2,778	667,045
<u>527,735</u>	<u>253,753</u>	<u>4,549,422</u>	<u>(1,319,385)</u>	<u>4,011,525</u>	<u>75,172</u>	<u>10,114,296</u>
<u>\$ 514,350</u>	<u>\$ 335,709</u>	<u>\$ 3,712,045</u>	<u>\$ (1,247,160)</u>	<u>\$ 3,314,944</u>	<u>\$ 77,950</u>	<u>\$ 10,781,341</u>

FIDUCIARY FUNDS

Custodial Funds account for monies held for various agencies and entities, but not held in a trust.

County Clerk Fund – This fund accounts for funds held by the County Clerk in non-interest-bearing trust accounts or investments for civil cases before the County Court or County Court-at-Law. Disbursements are made upon court order.

District Clerk Fund – This fund accounts for funds held by the District Clerk in non-interest-bearing trust accounts and investments for civil cases before the District Courts. Disbursements are made upon court order.

Jail Inmate Fund – This fund accounts for funds held by the Sheriff for inmates of the jail. The funds are held until the inmate is released or transferred. The inmates' commissary or applicable medical purchases are deducted from the inmate account prior to release, and paid to the appropriate vendor.

State Court Costs and Fees Fund – This fund accounts for collections of the various court costs and fees, as established by the State of Texas. Funds collected are remitted to the state on a quarterly basis. The County is generally allowed to retain 5 - 10 percent of the funds collected as a service fee and all interest earned on the funds.

Appellate Justice System Fund – This fund accounts for the collections of this court cost. Funds collected are to be used to assist the Court of Appeals in the administration of the judicial appellate process.

Seized Funds – This fund accounts for seizure of funds at criminal arrests that are held until awarded by the courts and remitted to the appropriate state, county or individual.

Adult Probation Restitution Fund – This departmental fund is used by the Adult Probation Department to account for collections from probationers for restitution. All such collections are subsequently remitted to the appropriate victim, person, or entity.

District Attorney Bad Check Restitution Fund – This fund accounts for collections by the District Attorney for restitution on bad checks. Collections are subsequently remitted to the appropriate person or entity.

Tax Assessor-Collector Fund – This fund accounts for the collections of various taxes and fees for other governments and Grayson County. The County is allowed to retain a percentage of taxes collected for other governments as a collection fee.

Sheriff Bonds Fund – This fund accounts for cash bonds collected by the Sheriff. Cash bonds are held for criminal cases recorded by the County and District Clerk, pending court-ordered disbursement.

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	Custodial Funds			
	District Clerk	County Clerk	Jail Inmate Fund	State Court Costs and Fees
ASSETS				
Cash and cash equivalents	\$ 6,381,250	\$ 1,610,970	\$ 45,655	\$ 200,417
Total assets	6,381,250	1,610,970	45,655	200,417
LIABILITIES				
Due to other governments	-	-	-	200,417
Due to individuals and organizations	-	-	-	-
Total liabilities	-	-	-	200,417
NET POSITION				
Restricted for:				
Trust beneficiaries	6,381,250	1,610,970	-	-
Individuals and organizations	-	-	45,655	-
Total net position	\$ 6,381,250	\$ 1,610,970	\$ 45,655	\$ -

Custodial Funds

Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Restitution	Tax Assessor Collector	Sheriff Bonds	Total Custodial Funds
\$ 14,146	\$ 113,238	\$ 4,637	\$ 20,347	\$ 4,181,506	\$ 935,650	\$ 13,507,816
<u>14,146</u>	<u>113,238</u>	<u>4,637</u>	<u>20,347</u>	<u>4,181,506</u>	<u>935,650</u>	<u>13,507,816</u>
14,146	-	-	-	4,181,506	-	4,396,069
-	-	4,637	20,347	-	-	24,984
<u>14,146</u>	<u>-</u>	<u>4,637</u>	<u>20,347</u>	<u>4,181,506</u>	<u>-</u>	<u>4,421,053</u>
-	-	-	-	-	-	7,992,220
-	113,238	-	-	-	935,650	1,094,543
<u>\$ -</u>	<u>\$ 113,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,650</u>	<u>\$ 9,086,763</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds			
	District Clerk	County Clerk	Jail Inmate Trust	State Court Costs and Fees
ADDITIONS				
Registry deposits	\$ 6,920,308	\$ 1,271,140	\$ -	\$ -
Receipts from inmates	-	-	1,046,950	-
State fee collections	-	-	-	800,305
Appellate justice system collections	-	-	-	-
Seizures collections	-	-	-	-
Restitution collections	-	-	-	-
Hot check collections	-	-	-	-
Tax collections	-	-	-	-
Vehicle registration collections	-	-	-	-
Cash bond receipts	-	-	-	-
Investment earnings	30,397	36,893	-	-
Total additions	<u>6,950,705</u>	<u>1,308,033</u>	<u>1,046,950</u>	<u>800,305</u>
DEDUCTIONS				
Registry withdrawals	4,180,996	584,318	-	-
Inmate disbursements	-	-	314,929	-
Disbursements to others	-	-	723,437	-
State fee disbursements	-	-	-	800,305
Appellate justice system disbursements	-	-	-	-
Seizure disbursements	-	-	-	-
Restitution paid	-	-	-	-
Hot check disbursements	-	-	-	-
Tax disbursements	-	-	-	-
Vehicle registration disbursements	-	-	-	-
Refunds	-	-	-	-
Total deductions	<u>4,180,996</u>	<u>584,318</u>	<u>1,038,366</u>	<u>800,305</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	2,769,709	723,715	8,584	-
NET POSITION, BEGINNING	<u>3,611,541</u>	<u>887,255</u>	<u>37,071</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 6,381,250</u>	<u>\$ 1,610,970</u>	<u>\$ 45,655</u>	<u>\$ -</u>

Custodial Funds

Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Restitution	Tax Assessor Collector	Sheriff Bonds	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,191,448
-	-	-	-	-	-	1,046,950
14,146	-	-	-	-	-	800,305
-	25,839	-	-	-	-	14,146
-	-	263,853	-	-	-	25,839
-	-	-	139,966	-	-	263,853
-	-	-	-	283,622,627	-	139,966
-	-	-	-	43,684,592	-	283,622,627
-	-	-	-	-	398,708	43,684,592
-	-	-	-	-	784	398,708
<u>14,146</u>	<u>25,839</u>	<u>263,853</u>	<u>139,966</u>	<u>327,307,219</u>	<u>399,492</u>	<u>338,256,508</u>
-	-	-	-	-	-	4,765,314
-	-	-	-	-	-	314,929
-	-	-	-	-	-	723,437
14,146	-	-	-	-	-	800,305
-	3,890	-	-	-	-	14,146
-	-	263,853	-	-	-	3,890
-	-	-	139,966	-	-	263,853
-	-	-	-	283,622,627	-	139,966
-	-	-	-	43,684,592	-	283,622,627
-	-	-	-	-	280,614	43,684,592
<u>14,146</u>	<u>3,890</u>	<u>263,853</u>	<u>139,966</u>	<u>327,307,219</u>	<u>280,614</u>	<u>334,613,673</u>
-	21,949	-	-	-	118,878	3,642,835
<u>-</u>	<u>91,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,772</u>	<u>5,443,928</u>
<u>\$ -</u>	<u>\$ 113,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,650</u>	<u>\$ 9,086,763</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable County Judge
and Members of the Commissioners' Court
Grayson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements, and have issued our report thereon dated April 23, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grayson County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grayson County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Grayson County, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 23, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge and
and Members of the Commissioners' Court
Grayson County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grayson County's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 23, 2024

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program (NSLP)	10.555	01342	\$ 240,615
NSLP Square Meals- Supply Chain Assistance	10.555	01342	<u>7,253</u>
Subtotal Assistance Listing 10.555			247,868
NSLP Commodity Delivery Fee	10.560	01342	<u>1,355</u>
Total Passed through the Texas Department of Agriculture			<u>249,223</u>
Passed through Texas Health and Human Services Commission:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	HHS000804000001	877,576
Supplemental Nutrition Assistance Program	10.561	HHS000804000001	<u>56,112</u>
Total Passed through Texas Health and Human Services Commission			<u>933,688</u>
Total U.S. Department of Agriculture			<u>1,182,911</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed through Office of the Attorney General:			
Victim Coordinator and Liasion Grant	16.576	C-00883	4,125
Statewide Automated Victim Notification Services Grant	16.576	C-00210	<u>29,403</u>
Subtotal Assistance Listing 16.576			<u>33,528</u>
Total Passed through Office of the Attorney General			<u>33,528</u>
Direct Programs:			
Juvenile Drug Treatment Court Program	16.585	2019-DC-BX-0109	8,674
Juvenile Drug Treatment Court Program	16.585	15PJDP-22-GG-03579-DGCT	<u>118,013</u>
Subtotal Assistance Listing 16.585			<u>126,687</u>
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA-21-RR-04861-SCAA	41,176
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA-22-RR-05443-SCAA	<u>32,241</u>
Subtotal Assistance Listing 16.606			73,417
Patrick Leahy Bulletproof Vest Partnership	16.607	BVP010342424	2,529
Patrick Leahy Bulletproof Vest Partnership	16.607	BVP010342923	<u>43</u>
Subtotal Assistance Listing 16.607			2,572
Equitable Sharing Agreement	16.922	TX0910000	<u>33,932</u>
Total Direct Programs			<u>236,608</u>
Total U.S. Department of Justice			<u>270,136</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Texas Department of Transportation:			
Rountine Airport Maintenance Program	20.106	M2301DENS	50,000
CRRSA Act Airport Improvement Grant (COVID-19)	20.106	21TWGRAYS	<u>10,532</u>
Subtotal Assistance Listing 20.106			<u>60,532</u>
Federal Transit Metropolitan Planning Grant (Highway Planning and Construction Cluster)	20.205	50-23XF0020	<u>148,412</u>
Total Passed through Texas Department of Transportation			<u>208,944</u>
Total U.S. Department of Transportation			<u>208,944</u>
<u>U. S. DEPARTMENT OF TREASURY</u>			
Local Assistance and Tribal Consistency Fund (COVID-19)	21.032	LATCF-1160-756000969	273,074
Coronavirus State and Local Fiscal Recovery Fund (COVID-19)	21.027	SLT-0656 756000969	<u>1,139,924</u>
Total U.S. Department of Treasury			<u>1,412,998</u>

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of State Health Services:			
Public Health Emergency Preparedness	93.069	537-18-0131-00001	\$ 76,291
Public Health Emergency Preparedness	93.069	HHS001311200008	<u>26,787</u>
Subtotal Assistance Listing 93.069			<u>103,078</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HHS001096400017	10,848
Vaccination Capacity Contract (COVID-19)	93.268	HHS001019500019	149,899
Mitigation in Confinement Facilities Contract (COVID-19)	93.323	HHS001193700012	89,264
Preventive Health and Health Services Block Grant	93.991	HHS001025800001	92,840
Preventive Health and Health Services Block Grant	93.991	HHS001324900023	<u>6,268</u>
Subtotal Assistance Listing 93.991			<u>99,108</u>
Total Passed through Texas Department of State Health Services			<u>452,197</u>
Passed through Texas Department of State Health Commission:			
Medicaid Administrative Claiming Program	93.778	HHS000537900245	22,914
Medicaid - Title XIX - Medical Assistance Program	93.778	N/A	<u>4,559</u>
Total Passed through Texas Department of State Health Commission (Medicaid Cluster)			<u>27,473</u>
Passed through Texas Department of Family Protective Services:			
Title IV-E Legal Assistnace	93.658	HHS000285100053	<u>70,075</u>
Total Passed through Texas Department of Family Protective Services			<u>70,075</u>
Total U.S. Department of Health and Human Services			<u>549,745</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the Texas Division of Emergency Management:			
Texas COVID-19 Pandemic Public Assistance (COVID-19)	97.036	4485-752	75,483
Emergency Management Hazard Mitigation Plan Update	97.039	4223-5	<u>52,406</u>
Total Passed through Texas Division of Emergency Management			<u>127,889</u>
Total U.S. Department of Homeland Security			<u>127,889</u>
Total Federal Expenditures			<u>\$ 3,752,623</u>

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2023

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Grayson County, Texas. The County's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements.

3. INDIRECT COSTS

The County has elected not to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance.

4. PASS-THROUGH EXPENDITURES

None of the expenditures reported on the Schedule of Expenditures of Federal Awards have been passed through to subrecipients.

GRAYSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Summary of Auditors' Results

Financial Statements:	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None
Federal Awards:	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance.	None
Identification of major programs:	
<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster:</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund (COVID-19)
Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
Auditee qualified as low-risk auditee for federal single audit?	Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

GRAYSON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None